

PRESCOTT CITY COUNCIL
REGULAR VOTING MEETING
TUESDAY, NOVEMBER 18, 2014
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR VOTING MEETING OF THE PRESCOTT CITY COUNCIL HELD ON NOVEMBER 18, 2014, 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**

No introductions were given.

◆ **INVOCATION** by Rabbi Jessica Rosenthal of Temple B'rith Shalom

◆ **PLEDGE OF ALLEGIANCE** by Councilman Lazzell

◆ **ROLL CALL:**

Present:

Absent:

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

◆ **ANNOUNCEMENTS**

Mayor Kuykendall announced that Item C on the Regular agenda would include a public hearing, which was properly posted and on the City website.

I. CONSENT AGENDA

Mayor Pro Tem Lamerson asked that Item D be pulled from the Consent Agenda for further discussion.

A. Approval of minutes for the Council meeting held on November 4, 2014

- B. Adoption of Resolution No. 4259-1468, approving the City's participation in the Yavapai Regional 911 Committee, and the Committee Constitution and Bylaws
- C. Adoption of Resolution No. 4260-1469 approving a Memorandum of Understanding (MOU) with the Phoenix Police Department defining the responsibilities and use of Phoenix Police Department's National Integrated Ballistic Information Network (City Contract No. 2015-071)
- D. Ratification of payment in the amount of \$12,529.49 for emergency scale repairs performed by Southwestern Scale Company, Inc. (Solid Waste Fund)

Mayor Pro Tem Lamerson asked that the expense listed in Item D be explained. Councilman Kuknyo recused himself due to a potential conflict of interest.

Stephanie Miller, Field and Facilities Director, said the Solid Waste Division used suspension scales at the Transfer Station to weigh inbound and outbound loads. The appropriate disposal fees were calculated from the weights. The inbound scale failed on August 16, 2014 when three of the twelve suspension bridges collapsed. She noted that the division had to close that scale, and use the outbound scale for both inbound and outbound measurements. Southwestern Scale did the quarterly maintenance and calibration for the City of Prescott scales and arrived to do the emergency repair services. Upon inspection it was determined that a new suspension kit needed to be installed, which took 69 labor hours. The work was completed on August 29, 2014. She noted that it would cost \$120,000.00 to replace the inbound and outbound scales, which she hoped to budget for in FY17.

MAYOR PRO TEM LAMERSON MOVED TO APPROVE PAYMENT IN THE AMOUNT OF \$12,529.49 FOR EMERGENCY SCALE REPAIRS PERFORMED BY SOUTHWESTERN SCALE COMPANY, INC.; SECONDED BY COUNCILMAN ARNOLD; PASSED 6-0.

- E. Approval of a one-year extension of an Agreement for Services with the Prescott Area Arts and Humanities Council (City Contract No. 2013-047A2)
- F. Adoption of Ordinance No. 4913-1451 granting a utility easement to UNS Gas, Inc., for the Airport Water Reclamation Facility

MAYOR PRO TEM LAMERSON MOVED TO APPROVE CONSENT AGENDA ITEMS I.A. - I.F., WITH THE EXECPTION OF ITEM ID; SECONDED BY COUNCILMAN BLAIR; PASSED UNANIMOUSLY.

II. REGULAR AGENDA

- A. Adoption of Resolution No. 4263-1472 approving Amendment No. 1 to an intergovernmental Agreement with Yavapai County Community College District for joint use of facilities; and approval of a \$25,000.00 contribution toward an additional tennis court at Yavapai College (City Contract No. 2011-447; Parks and Recreation Development Impact Fee Fund)

Joe Baynes, Recreation Services Director, presented. The City and the College District entered into an Intergovernmental Agreement (IGA) on May 24, 2011 for shared use of public facilities at the College. Amendment No. 1 provided the renovation of existing tennis courts, construction of one addition court, public availability of the courts, and related maintenance obligations of the college. This item included approval of a \$25,000.00 City contribution toward construction of the additional court.

The existing IGA provided for the shared use of a number of facilities: Roughrider Park, Ken Lindley Field, Walraven Gym, Bill Vallely Field, Yavapai Performance Hall and Grace Sparkes Activity Center and associated obligations of the City and the college. The IGA would recognize the availability for public use of the tennis courts.

Mr. Baynes noted that the amendment provided that the college maintained the courts, parking areas, landscape and paid for utilities. The City of Prescott would continue to be responsible for maintenance of the City property that abutted and was adjacent to the college property near the tennis courts. The college would schedule the courts with college programs receiving priority; however, they would be available for daily use by the general public. The college may charge a nominal use fee consistent with other college facilities. Mr. Baynes noted that the current fees established by the college were \$250.00 for an annual pass, \$25.00 per month, \$5.00 for singles/90 minutes and \$10.00 for singles/2 hours.

Funding of \$25,000.00 was available in the Development Impact Fee Fund for Parks and Recreation in the FY15 Budget.

Councilman Lazzell said the \$25,000.00 came out of Impact Fees that were no longer being replenished. He asked Mr. Baynes if he would spend this money on the tennis courts if it was the last \$25,000.00 in that bucket. Mr. Baynes said there were plenty of needs.

Mayor Pro Tem Lamerson asked if the money should come from Bed Tax, if the relationship with the college was based on tourism for tournaments. Mr. Baynes said there was public daily use and there would be tournaments throughout the year. Mayor Pro Tem Lamerson said he was concerned with the finite Impact Fee, and said it seemed more appropriate for the money to come from Bed Tax.

Councilwoman Wilcox said she had trouble giving \$25,000.00 to the college when they charged a fee to the public. She noted that the tax payers had already contributed toward the facility and should not be charged. She asked if the City had contributed to other recreational facilities at the college, for which they were now charging the general public a fee. Mr. Baynes said not that he was aware of. The fee was set with the intent that it would cover ongoing maintenance costs. Councilwoman Wilcox asked if any other governmental agencies were paying for the courts. Mr. Baynes said he did not know, but would check into it.

Councilman Kuknyo said everyone in the area was contributing through their taxes. He asked how old the tennis courts were at the armory. Mr. Baynes said they were renovated in the late 1990s. Councilman Kuknyo noted that there was not much public access to tennis courts. He said \$25,000 was not much out of the entire budget to get access for the citizens. He asked if the parking area was the responsibility of the City of Prescott. Mr. Baynes said there were 16 spots on the college property that the City would take care of. Councilman Kuknyo said the lot was a good investment.

Councilman Blair said he liked the idea of user fees for the tennis courts. He said half of the \$25,000.00 should come from the bed tax.

Councilman Arnold noted that he was a proponent of the partnership. He said 1100 people donated money for the project. Yavapai College originally wanted much more money and \$25,000.00 was not a lot for the project. He said the Bed Tax allocation was approved two months ago and he did not want to go back and revisit the allocation. He noted that the courts were a new opportunity for tourism.

Councilman Blair asked if the City had the ability to draw \$12,500.00 out of the Bed Tax Fund, knowing that a contingency was there. Craig McConnell, City Manager, said yes. Councilman Blair said if the fee was split between the two funds, he would support it.

Councilman Arnold said he did not want to see the item fail over a minor technicality and suggested tabling it.

Mayor Kuykendall noted that the college would schedule the use of the courts with college programs as a priority. He did not think there would be much tourism use of the courts. He said the college would be running the courts and would determine the use.

**COUNCILMAN ARNOLD MOVED TO TABLE REGULAR AGENDA ITEM I.A.;
SECONDED BY COUNCILWOMAN WILCOX**

Mayor Kuykendall asked when it would be brought back to Council. Councilman Arnold said he would prefer the first meeting in January and would like to have someone from the college and from the Prescott Area Tennis Association present, to discuss how they would schedule tournaments and what the tourism impact would be.

Councilman Blair asked who would determine what was missing from the IGA, that Council would like to see come back for discussion. Mr. Baynes noted that he heard Council's concerns and would address them.

Mayor Pro Tem Lamerson noted that when the college ran tournaments in the City there were tourists in the hotels and restaurants.

MOTION TO TABLE AGENDA ITEM I.A. PASSED 5-2, WITH COUNCILWOMAN WILCOX AND COUNCILMAN LAZZELL CASTING THE DISSENTING VOTES.

- B. Adoption of Resolution No. 4262-1471 approving an Intergovernmental Agreement with the State of Arizona through the Arizona State Forester for the Fiscal Year 2015 Cooperative Wildland Fire Training Project (City Contract No. 2015-070)

Dennis Light, Fire Chief, presented. He said he was there to seek Council's authorization to enter into an Intergovernmental Agreement (IGA) with the Arizona State Forester to provide sustained funding for an existing City position dedicated to wildfire and the Wildfire Academy.

The State of Arizona included FY 2015 funding for a full-time cooperative training position to support the Arizona Wildfire Council and manage the Arizona Wildfire and Incident Academy. He said the academy had been in Prescott the past seven years. The agreement would result in improved wildfire response. The terms of the IGA allowed the City some latitude to determine the work plan associated with Tony Sciacca's position.

Chief Light said the agreement would ultimately result in improved wildfire response in the community and increased access to wildfire training. He noted that the State allocated \$52,000.00 directed primarily towards Mr. Sciacca's position, along with \$14,000.00 for travel and other expenses. In return, the City of Prescott would provide office space, mode of transportation and a degree of facility access.

Councilman Blair said the City of Prescott was blessed to have two Type 1 Incident Commanders here. He also noted that the Academy was great for economic development.

Councilman Arnold noted that he appreciated Embry-Riddle's and the State's support of the program.

COUNCILMAN ARNOLD MOVED TO ADOPT RESOLUTION NO. 4262-1471; SECONDED BY COUNCILMAN BLAIR; PASSED UNANIMOUSLY.

C. Adoption of Ordinance No. 4914-1452 approving the 2014 Amendments to the Model City Tax Code

Mayor Kuykendall reminded the audience that this item also included a public hearing.

Mark Woodfill, Finance Director, presented. He said the amendment was reviewed and passed on October 10, 2014, by the Municipal Tax Code Commission. The amendments to the Code dealt with the licensing section of the Code, Section 300. The City of Prescott's version of the Model City Tax code would be compliant with the House Bill 2111 and follow-up House Bill 2389, both having to do with the movement of sales tax collection to the state. He noted that the public hearing was published in the paper on November 3, 2014.

Daniel Mattson, resident, asked what would happen if Council voted no. Mayor Kuykendall said the legislature changed the collection methods and the City did not have a choice.

Councilwoman Wilcox asked for examples of what businesses fell under the Code and what businesses did not. Mr. Woodfill said retail establishments and anyone who collected a privilege tax, residential rental and grocery stores fell under the Code; service businesses like realtors, accountants or lawyers, would not.

Mayor Pro Tem Lamerson asked what happened if Council voted no. Mr. Woodfill said the City would be out of compliance with state law.

Councilman Kuknyo said there was no financial impact anticipated with this portion of the Code, but the net effect of the changes would be a negative \$300,000.00 to the City. Mr. Woodfill said that was an estimate.

COUNCILWOMAN WILCOX MOVED TO ADOPT ORDINANCE NO. 4914-1452; SECONDED BY COUNCILMAN LAZZELL; PASSED UNANIMOUSLY.

D. Award of contracts for Title and Escrow Services for various real property transactions to: (1) Yavapai Title Agency, Inc. (City Contract No. 2015-064), and (2) Lawyers Title of Arizona, Inc. (City Contract No. 2015-065), each in an amount not to exceed \$50,000.00

Don Hersh, Real Property Specialist, presented. The one-year contract that recently expired for title and escrow services saved the City about 50 percent of what they were originally paying. He noted that staff was looking at creating a one-year contract with five one-year extensions with Yavapai Title Agency and Lawyers Title of Arizona.

Mayor Kuykendall asked if the proposals were identical. Mr. Hersh said they were and the two companies mentioned, came back with the best quality and lowest pricing. He

said they would use the company with the lowest pricing first. If something happened to that company, the second company would then be in line.

Mayor Pro Tem Lamerson clarified that the item was for \$50,000.00 total. Mr. Hersh confirmed that it was.

Councilman Arnold asked if either company provided a financial benefit on large sales. Mr. Hersh said that Yavapai Title was the least expensive on all transactions.

MAYOR PRO TEM LAMERSON MOVED TO AWARD CONTRACT NO. 2015-064 TO YAVAPAI TITLE AGENCY, INC., IN AN AMOUNT NOT TO EXCEED \$50,000.00; SECONDED BY COUNCILMAN LAZZELL; PASSED UNANIMOUSLY.

MAYOR PRO TEM LAMERSON MOVED TO AWARD CONTRACT NO. 2015-065 TO LAWYERS TITLE OF ARIZONA, INC., IN AN AMOUNT NOT TO EXCEED \$50,000.00; SECONDED BY COUNCILMAN LAZZELL; PASSED UNANIMOUSLY.

E. Award of Contract No. 2015-074 for the FY15 Sidewalks Repair Project to Tri-Com Corporation, in the amount of \$195,526.65 (Streets Fund)

Henry Hash, Public Works Director, presented. The Public Works Department previously conducted a condition assessment of sidewalks in the downtown area. He noted that Tri-Com Corporation was the low bid for the base bid and the two alternates.

Councilman Blair asked if all the sidewalks would be Americans with Disabilities Act (ADA) accessible. Mr. Hash said yes.

Councilman Lazzell said the engineers estimate was \$190,000.00. He asked if that was for new sidewalks or replacing existing sidewalks. Mr. Hash said it was mostly for new sidewalks. Craig McConnell, City Manager, said it was to demolish, remove and reinstall the sidewalks. He noted that the City would be using Public Works in-house design.

Mayor Pro Tem Lamerson thanked the City Manager for elevating the item in the budgeting process.

Councilman Kuknyo said the item was part of mobility management and he was glad to see it moving forward.

Councilwoman Wilcox asked if future sidewalk improvement programs would be coming back to Council. Mr. Hash said yes.

Mayor Kuykendall asked if the sales tax fell under general contracting. Mr. Woodfill said yes.

Sandra Smith, resident, thanked the staff for the improvements.

COUNCILMAN BLAIR MOVED TO AWARD THE BASE BID AND ADDITIVE ALTERNATES NO. 1 AND NO. 2 FOR THE FY 2015 SIDEWALKS REPAIR PROJECT TO TRI-COM CORPORATION, IN THE AMOUNT OF \$195,526.65 (CITY CONTRACT NO. 2015-074); SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

- F. Award of Contract No. 2015-068 to Controls West, Inc., for SCADA Citect services and licensing in an amount not to exceed \$45,543.55 (Water and Wastewater Funds)

Joel Berman, Utilities Manager, presented, noting that Controls West was the only authorized distributor in the region. The City's water and wastewater systems were comprised of over 150 remote facilities. The City currently monitored the facilities using a technology called SPACIA. He said it was an obsolete system that could not be maintained.

Mr. Berman said the City selected Citect, which would standardize the system staff was using. He noted that the contract would provide a solid foundation for the system.

Mr. Berman showed two pictures to help describe SCADA. He noted that it was an instrument panel showing tanks and pumps, with an hour meter, alarm and security camera. He said staff could see, at a glance, if the pumps were running and if they had been running for more days than they should.

Councilwoman Wilcox asked if the system would have detected the water leak at Rosser Street and Willow Creek. Mr. Berman said no. He noted that the software would monitor pumps, motors and valves. Craig McConnell, City Manager, said if a pump station was continuously running and could not keep the reservoir filled, the system would announce that through an alarm.

COUNCILMAN ARNOLD MOVED TO AWARD CITY CONTRACT NO. 2015-068 TO CONTROLS WEST, INC., FOR SCADA CITECT SERVICES AND LICENSING IN AN AMOUNT NOT TO EXCEED \$45,543.55; SECONDED BY MAYOR PRO TEM LAMERSON; PASSED UNANIMOUSLY.

- G. Public hearing for the City of Prescott, Arizona, Water and Wastewater Rate Study Report (October 13, 2014) pursuant to Arizona Revised Statutes §9-511.01

Mark Woodfill, Finance Director, presented. The City of Prescott entered into a contract for Impact Fee Infrastructure Improvement Plan and Utility Rate Setting process roughly two years ago. He noted that the staff began the rate setting portion of the public process on October 7, 2014 with the presentation by Raftelis. He then listed the public meetings between that time and the current meeting. He noted that the rate report was on the City website. The remaining process was the public hearing. Based on the

Council direction, staff would bring an ordinance related to the rates back to Council at a future meeting.

Rick Giardina, Raftellis Financial Consultants, showed a PowerPoint presentation, which included:

- WATER CURRENT RATES – fixed component and consumption charge based on metered water consumed. The tiers change was based on meter size.
- PROPOSED WATER BASE CHARGE – proposed 2 percent increase in charges for each of the next five years
- WATER RATE ALTERNATIVES – he noted that Council preferred Alternative 1, which was to maintain the same rate structure.
- WATER USAGE TIERS BY CUSTOMER CLASS
- PROPOSED WATER VOLUME CHARGES- not increasing in a uniform manner. The cost of service could deviate from cost by class. He presented a transition period where class cost of service would be obtained in three years.
- PROPOSED AQUIFER PROTECTION FEE – a fixed charge based on meter size, with a two percent rate increase per year
- WASTEWATER CURRENT RATES – assess a volume rate differences relate to the strength of the wastewater. He noted that the residential customer paid \$19.07 per month currently. A volume rate was assessed on average monthly winter consumption. The winter time period was a reasonable indicator of the amount of water that was returned to the sewer system. The volume rates vary by customer class, which was an indication of the cost of service for each class. The differences related to the strength of the wastewater put into the system.
- PROPOSED WASTEWATER RATES – the City of Prescott needed revenue increases of 9 percent in 2015, 5 percent in 2016, 5 percent in 2017 and then nominal increases of 1 percent in 2018 and 2019. He noted that the City was out of alignment with class cost of service, as with water. He proposed to get in alignment over a three year period.
- Sample Combined Water and Wastewater Bill – he showed a 3 year impact on a typical customer, residential and non-residential.

Howard Mechanic, resident, asked how water rates should be used to stimulate the economy and competitiveness. Craig McConnell, City Manager, said the purpose of the

public hearing was to receive comments on the presentations and the materials presented.

Mayor Kuykendall asked what the procedure would be to answer the questions. Mr. McConnell said answers to questions had been posted on the City website. If the Council would like explanation as to what the answer on the City website meant, staff could answer that for the Council.

Councilwoman Wilcox said she was reading the minutes from the last meeting and disagreed with the consultant about not using the rates as an economic incentive. She said there should be a way where the City could give a short-term rebate to a new industry coming into the community. The Consultant said it would not be fair to the other rate payers because they would be absorbing the cost. She noted that Jon Paladini, City Attorney, sent a memo to Council, which suggested that the money from the General Fund be used to provide economic incentives. She suggested that the City of Prescott charge rates that had a profit built into them, but did not know if it would hold up in Arizona. She said the profit could be cycled into new industries with higher paying jobs with benefits.

Mr. Mechanic said he did not mind using the money from the General Fund, but he had a problem incentivizing the use of water. He noted that it went against conservation and the City of Prescott should never reduce the price of water to any customer.

Councilman Lazzell left the dais at 4:24 P.M. and returned at 4:51 P.M.

Mr. Mechanic talked about the golf courses that were paying one third of the price for treated effluent. He noted that the dollar amount they were paying below what the consultant said was a reasonable price was \$750,000.00 per year. He noted that it was an Enterprise Fund and if someone was paying less, he asked who was paying more to cover the \$750,000.00. He said it was the other rate payers who were paying approximately \$22.00 per account to cover Antelope Hills Golf Course.

He asked if it was reasonable to charge 90 percent of the rate for potable water, for the treated effluent. He said the City did not need to promote the use of effluent or potable water. The treated effluent was a valuable commodity. He requested the City have a discussion at a public hearing about the two golf courses paying one-third of the rate the consultant felt was reasonable.

Councilwoman Wilcox asked the consultant how he came up with 70 percent charge for effluent and not a 90 percent charge.

Mr. Giardina said when it came to charging for treated effluent there were a variety of factors that could be considered. He noted that the City of Prescott did not have a body of water to discharge into. He said Prescott was creating a resource. He noted that the treated effluent could be pumped into the aquifer to develop recharge credits and use it

to serve the golf courses, or use direct reuse. He noted that some communities felt that it was a lower quality of water and the rate should be lower than potable water. Mr. Mechanic noted that Goodyear, Arizona charge 100 percent of the water rate for treated effluent.

Mr. McConnell said if the subject was treated effluent, there were two parts: (1) The City had a long term contract with Prescott Lakes, which was renewable. The Council would not unilaterally modify the contract by setting a higher rate for effluent, in the next rate setting process. He said it was a matter of a long-term contract, and (2) The pricing of effluent for Antelope Hills, which was set at the Prescott Lakes Golf Club contract rate, but the Council had the prerogative to set a different rate for Antelope Hills.

Mr. McConnell said there was no way, during a rate setting process, the City would do an economic analysis of what the impact of the golf course used to be, before the City put them out of business by tripling the cost of effluent. Whether it was water or wastewater rates or trash collection, which had any connection to tourism, the tourists were buying down the cost of public services in the City of Prescott. He noted that the tourists helped with issues in the General Fund because they were visiting and paying. Staff did not recommend economic initiatives for economic development.

Mayor Pro Tem Lamerson said there was a community asset that the City of Prescott was responsible to maintain. The condition of the golf course belonged to the City of Prescott. He said that he did not want to see it go to dust because they could not afford the treated effluent.

Jon Paladini, City Attorney, said the Prescott Lakes contract had 50 years to go, with rate adjustments based on inflation. It had a provision in it that if there were a change in regulation that had a direct impact on the treatment of effluent; the proportionate share could be passed on. He noted that staff said there had not been a regulatory impact on the cost of treatment. A policy was adopted that the Antelope Hills Golf Course would pay the same rate for treated effluent, as did any other golf course that purchased effluent by contract. He said Council could override that decision with a policy change. If the cost of maintenance was going to be increased, it could be passed on to the golfers, or the course operation could be subsidized by the General Fund. He noted that the City had the obligation to maintain the Golf Course.

Mayor Pro Tem Lamerson asked Councilman Arnold, who was the new Chair of the Water Issues Committee, if he saw a reason to have this discussion again. Councilman Arnold said that until there were twelve months with Billy Casper, who was now managing Antelope Hills, he would be hard pressed to have another meeting. He addressed Mr. Mechanic and said that effluent rates were something to be addressed. He would like to address it near April, after he saw how the new management of the Golf Course was going. He said the City had been subsidizing the Golf Course at \$300,000.00 per year from the General Fund and the goal was to get away from that.

Mr. Mechanic said if there was a public discussion and the public did not want to raise the rates, he would go away. He felt the issue needed a discussion.

Councilman Kuknyo asked what Mr. Mechanic thought would happen if rate went to 90 percent. Councilman Kuknyo asked if he hoped to close the golf courses and put the water into recharge. Mr. Mechanic said that was not the goal. He said the goal was to have water rates at a reasonable level, so users of the effluent would be encouraged to conserve more. He also said that if the price went up to 90 percent, there would be a consideration by the City if they wanted to subsidize the Golf Course. If the City did not, there may be another use for that water. It could be used for the development of 8,000 new homes. It could also be used for Safe Yield to cut the overdraft. He said he was not into closing the golf course.

Barbara Jacobsen, resident, asked the Council to consider that the City of Prescott was located in a desert and was leaning towards the need to conserve. She would like everyone to get to the goal of using 35 gallons per day, per person. She noted that the report suggested the rates be raised on the lowest residential water users. She noted that those were the people who were conserving the most. She disagreed with that. She also wanted Council to make sure that the extra revenue that was made from the rate change was used for maintenance and repairs.

Ms. Jacobsen did not want the money used for an additional pipeline and said the report was not clear. The aquifer protection portion was fuzzy and the effluent rate should be increased. She asked if the Council was voting on a study or a proposal, or if the study became the proposal. She asked them to consider the core values of the community.

Mayor Kuykendall said the study was leading toward a proposal that the Council would vote on at the December 2, 2014 meeting.

Councilman Arnold said the study had a proposal. Those findings were the proposal. He asked for a clarification on the aquifer protection fee and what it was for. Ms. Jacobsen said she wanted to know what was going to happen to the money. Councilman Arnold said the money that was coming in had to be related to the Enterprise Fund for water or wastewater.

Mark Woodfill said there was an explanation of the dedication of the fund and it implemented other measures to achieve and maintain water quality mandated by state and federal law.

Councilman Blair said there was a recent analysis by the Arizona Department of Environmental Quality (ADEQ) on the reservoirs. He noted that they had poor water quality and years of sediment. He said the fee would be to offset the recommendations to bring the lakes to a standard of quality. Ms. Jacobsen asked if they would be cleaned up. Councilman Blair said at some point in time they would have to be.

Mayor Kuykendall said the problem was part of a finding from a committee 7-8 years ago. He said the committee recommended beginning collection of fees at that time.

Chuck Budinger, citizen, said he was on the water committee referred to by the Mayor. He spoke about the Aquifer Protection Fee and noted that the name should be changed to Watershed Protection Fee. He said the Total Maximum Daily Load (TMDL) was a surface water issue. To eliminate the vagueness of the fee, he suggested that the facilities and types of projects be spelled out, like flood plain acquisition, construction of storm water retention basins, restoration of wetlands and river banks, pervious pavement for sidewalks and parking lots and/or rainwater harvesting. He suggested a change of wording to state the goals of the City for water quality.

Mr. Budinger asked about the maintenance and who would be responsible. He asked that the fee include maintenance costs.

Councilman Arnold asked for clarification of the restricted water sub-fund. Mr. Woodfill said it would be a sub-fund of the water fund, like the alternative water fund, so the uses of the fund could be easily tracked. He noted that maintenance was in the current definition.

Councilman Arnold said there needed to be some clarification about the effluent discharge and state and federal regulations related to that quality and potential issues where the fund may need to be used.

Denise Tosca, resident, noted that she would like to be able to maintain the beauty of her yard and did not want the water prices to increase.

Councilman Kuknyo said she may want to look into native plants and rainwater harvesting.

Leslie Hoy, resident, encouraged the public to consult the City's website Water Smart area for landscaping. She was confused about the suggested water rate. She thought there would be an incentive for higher users to conserve. Mr. Giardina said that under the current rate structure there was an incentive built in. He noted that the sewer bill became a higher proportion of the overall utility bill for the lower volume user, which was why the increases appeared higher.

Ms. Hoy said the Mayor expressed concern that conservation would lower revenues for the fund. She sent Council an email with information from Western Resource. The study came out this month. She noted that water rates from every state and rates from 400 different water companies in Arizona were listed. Numbers could be plugged in to the dashboard to observe the effect of different water rates. The Alliance for Water Efficiency said that efficiency was the least expensive source of new supply. She supported increasing the water rates.

Gary Worob, resident, asked who would implement the program and if there would be an opportunity for public input. He worked on the 2050 Water Committee to promote the watershed improvement fee.

Fred Oswald, new resident, said he was concerned about conservation and urged progressive rates for higher charges for big users. He suggested that rain barrels be subsidized by the City.

Councilwoman Wilcox asked if the Council could enact a conservation fee to address subsidizing rainwater harvesting and conservation measures.

Mr. Paladini said the Council could adopt an additional fee as a sub-fund for certain purposes.

Mr. Woodfill said the Alternative Water Fund had credits for removal of sod, low flow toilets.

Mayor Pro Tem Lamerson noted that the new rates would not take effect until 30 days after the vote by Council. Mr. Woodfill confirmed that the rate change would not appear on the utility bills until February.

Daniel Mattson, resident, asked about the restaurant charge and if they were currently being overcharged.

Mr. Woodfill noted that the City had 18 different wastewater rates which they were trying to standardize.

Councilman Kuknyo asked if the lakes at the golf course could be used as recharge ponds.

Councilwoman Wilcox said she felt that the City was on a runaway train on a track where no changes could be made. She asked if an ordinance had to be adopted on December 2, 2014, how and when they would incorporate the comments from the public. She said they needed more time. She asked if there was a drop dead date.

Mr. McConnell said no, but there were requirements for the public report. The rate study had become a recommendation to Council. If the Council wanted additional discussion, it had to be narrowed from the general to the specific. An ordinance had to be passed with numbers with fine print. If someone wanted a steeper conservation rate, then a proposal would be needed on a steeper conservation rate. He noted that if someone came in with a specific proposal, staff would analyze it and advise Council. The City was at the point in the proceedings where it needed to be specific.

Mayor Kuykendall said there was a long range plan of maintaining the City's systems, which were in the capital plan. The rate study was giving the City the track to run on. He

said it was important that there was enough money in the plan so that it could be tweaked along the way.

Mr. McConnell said the rate study was projected to generate the operating revenue to support maintenance operations and the Capital Improvement Program. From a rate standpoint, the revenue being generated could be arrived at in different ways. He said the numbers represented what the policy had been, and reflected what a conservation rate might look like. He noted that if a suggestion were made that there were other adjustments, as a matter of policy, they would need to be specific. The model would then be run again to find out how much revenue would be available.

Councilman Blair asked if the fees in the policy could be changed in six months, if it did not look like there would be enough money. Mr. McConnell said if there were a particular rate and Council wanted to restrict the rate study to the particular rate to reflect new information, he said they would have to do it according to the prescribed rate structure. Mr. McConnell said there was some flexibility within the water fund to make adjustments. He noted that the Capital Improvement Plan had a specific sheet noting that the TMDL from ADEQ had not been received, but when it was received; staff would look at alternatives to meet the TMDL.

Councilman Blair said the policy should be looked at every year to raise or lower the rates.

Mr. McConnell said that within the Water Fund, the ability was there to loan money to another fund. He noted that the City would not have to go through a rate study every time a project needed a financial adjustment.

No formal Council action was necessary.

III. ADJOURNMENT

There being no further business to be discussed, the Regular Voting Meeting of November 18, 2014, adjourned at 5:30 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 18th day of November, 2014. I further certify the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____, 2015

AFFIX
CITY SEAL

DANA R. DeLONG, City Clerk