

PRESCOTT CITY COUNCIL
STUDY SESSION MEETING
TUESDAY, NOVEMBER 8, 2016
PRESCOTT, ARIZONA

MINUTES OF THE STUDY SESSION MEETING OF THE PRESCOTT CITY COUNCIL
HELD ON NOVEMBER 8, 2016, in the COUNCIL CHAMBERS located at CITY HALL,
201 SOUTH CORTEZ STREET, Prescott, Arizona.

1. CALL TO ORDER

Mayor Oberg called the meeting to order at 1:02 p.m.

2. ROLL CALL:

Present:

Absent:

Mayor Oberg
Mayor Pro Tem Lamerson
Councilman Blair
Councilwoman Orr
Councilman Sischka
Councilwoman Wilcox

Councilman Lazzell

3. DISCUSSION ITEMS

A. Presentation by the Ad Hoc Leadership Advisory Group concerning
recommendations on the City's economic future

Jeff Burt, Economic Initiatives Director, presented. He said an Ad Hoc Advisory Group had been formed to discuss the City's economic health and make recommendations to the Council that would enhance Prescott's economic future. He said the Advisory Group chose to focus on four goals with specific geographic attention to North Prescott and Downtown. He introduced Dr. Frank Ayers, ERAU.

Dr. Frank Ayers said the group discussed four main objectives:

- Build a business friendly community
- Develop a better educated work force
- Attract new businesses, people and investments
- Expand the City's housing mix

Goal #1 – Build a Business-Friendly Community

- Incorporate a "concierge approach" to supplement the job descriptions of key development-related personnel that interact on a daily basis with the public
- Maintain a series of customer service workshops for applicable City personnel;
- Reconfigure the City Hall floor plan related to planning, permits, and economic

development to provide a more open and customer-friendly experience for the public; and

- Communicate to business and residents the efforts being made to enhance the customer service experience at City Hall

Goal #2 – Develop a Better Educated Workforce

- The City, in concert with other regional interests, should convene a roundtable of educators and employers to discuss an ongoing partnership to identify and deliver better educated and labor force-ready workers to the workplace
- Convene a working group to identify ways Prescott and the Prescott region could grow as a center for emerging technology-based businesses
- Establish an annual “local hire” talent fair for Prescott university and colleges
- Work with the Prescott business community to create a “Classroom to Commerce” internship program to introduce students to the workplace and provide students with information/resources to enhance their marketability

Connie Cantelme presented the third and fourth goals.

Goal #3 – Attract New Businesses, People and Investments

North Prescott

- Accelerate the City’s marketing and business recruitment efforts to targeted industries in S. California and Chicago
- Prepare and adopt an incentive policy keyed to the needs of the marketplace for destination retailers and targeted businesses including technology
- Facilitate the development of new retail centers in the SR89 and SR89A corridors
- Attract amenities to North Prescott through good planning, marketing and public policy
- Increase airside land availability and runway protection zones through negotiations with the private sector and consider using development tools such as Transfer Development Rights

Downtown

- Bring more housing and vitality to Downtown
- The City and private sector should partner to bring a new hotel and conference center to Downtown
- Create a case statement to document, validate, and market Downtown Prescott to the investor community
- Organize an annual Downtown forum to attract developers, investors and businesses
- Encourage and support private sector efforts focused on façade clean-up and revitalization

Councilwoman Wilcox thanked the advisory group for their efforts. She said the report

articulated what Prescott needed to do and created a specific vision. She asked if a workshop on community land trust could be scheduled.

Ms. Cantelme talked about the importance of code enforcement and cleaning up blighted properties.

Councilwoman Orr thanked the advisory group. She appreciated the information which would be beneficial during the City's strategic planning sessions.

Councilman Sischka asked if the group would continue functioning. Ms. Cantelme said there were no plans to continue. She said several members were discussing meeting separately.

Mayor Oberg said the group was established by the Department of Economic Initiatives and thought the group could meet quarterly. Mr. Burt said the group was established to consider the current and future economic health of Prescott and make recommendations to the Council. He said the group could continue if there was an interest.

Dr. Ayers said the group had presented recommendations and would like to see the Council move forward. He said the group had expressed interest in being available to meet with visiting businesses and work on the recommendations.

Ken Mabarak spoke on bringing a consultant to town and within five days was able to meet with City and Embry Riddle representatives. He said the consultant was impressed with the receptionist/effort made by the City. He said more needed to be done towards economic development.

Mayor Oberg said economic development was an effort by community and business to work together.

Ms. Cantelme continued with the presentation:

Goal #4 – Expand the City's Housing Mix

- Work with the private sector to identify opportunities to broaden the home price range
- Research and develop a specific proposal utilizing a "community land trust" as a conduit to providing new housing for new workforce entrants and emerging families
- Conduct community forums to inform and educate the public on the use and benefit of community land trusts for housing

Mayor Oberg thanked the committee. He said the information would be beneficial during the City's strategic planning sessions.

B. Discussion of City of Prescott 2017 Legislative Agenda

Barry Aarons, Legislative Consultant presented. He said the formulation of a legislative agenda for the City would confirm the Council's support for policy objectives and help guide the activity pertaining to the 2017 State of Arizona Legislative Session.

Strategic Plan Priorities

- Balanced Budget
- Economic Development
- Quality of Life
- Service-Oriented Culture

Oppose Preemption of Local Authority

- Support the retention of local government decision-making authority
- Oppose unfunded mandates and preemptive efforts

Preserve Local Funding

- Protect existing funding and authorities that bring revenues
- Support cooperative efforts by and among the State, League of Cities and Towns and other stakeholders to streamline Arizona sales and use taxes in a manner that did not unduly jeopardize funding available to municipalities within rural areas of the state
- Oppose future sweeps of Highway User Revenue Funds
- Oppose legislation that further erodes the City's existing revenue base
- Support the reinstatement of Highway User Revenue Fee
- Support the inclusion of "Use Tax" collected by the State
- Support legislation that provided greater flexibility in local funding sources
- Oppose legislation that further erodes the City's existing revenue base
- Monitor state collection of Sales Tax

State Legislative Objectives for the 2017 Session

- Adequately fund and reform State Pension Plans
- Oppose legislation that would increase the cost of pension programs to the employee or employer without addressing structural deficits in the existing systems
- Support efforts to pool Tier III PSPRS liability, consolidate the current local board structure, and assure realistic governance requirements
- Seek legislation and other partnerships that improve the financial position of the "legacy" PSPRS system which should be closed to any future members upon inception of the new tier

Pursue partnerships to fund Prescott Municipal Airport enhancements

- Support the continuation of a statewide entity
- Support options to create regional authorities and financial assistance options

- Support a sustainable, long-term funding mechanism for state tourism promotion
- Oppose legislation that reduces partnerships and funding opportunities for development and improvements to attract investments

Water Service and Supply

- Seek legislation to address the continued drilling of new private exempt wells
- Support legislation to protect and maintain the City's established surface and ground water supplies
- Support legislation to ensure the City's role in water supply management and continued use of reclaimed and remediated waters to continue to reduce groundwater overdraft

Councilwoman Wilcox commented consumers have been paying a little over \$2.00 a gallon for gas, which she felt was low. She said she remembered when gas was over \$4.00 a gallon. She would like discussions on adjusting the gas tax to national or market prices. She thought raising the gas tax was a discussion opportunity so the State would not sweep HURF funds away from local governments. She asked if the use tax incorporated internet purchases. Mr. Aarons said internet taxes were under federal purview.

Mr. Aarons said there have been conversations regarding indexing the gas tax. He said there were legislators interested in increasing the State gas tax, but there was still anti-tax sentiment at the legislature. He talked about the need for road improvements and using gas tax funds.

Mayor Pro Tem Lamerson thanked Mr. Aarons for his service. He was interested in the ability of Prescott being able to pay off the PSPRS debt. He said discussion needed to happen to come up with the correct wording when asking the tax payers to vote on raising taxes.

Mr. Aarons said the decision ultimately would be made by the people. He said communication needed to start with the tax payers to see what they would accept.

Councilwoman Orr offered to partner with Mr. Aarons to address the legislature. Mr. Aarons thanked her for her offer. He felt the Council had great relationships with Prescott representatives.

Councilman Sischka talked about Tier 3 PSPRS efforts. He asked Mr. Aarons if he thought Tier 3 PSPRS was positively accepted. Mr. Aarons said there was a positive consensus growing.

Mayor Oberg said as long as the legislature continued to sweep the HURF funds, he did not want to see an increase in the gas tax. He spoke about Representative Campbell proposing an initiative to stop the sweeping of HURF funds.

Mr. Aarons said any increase in gas tax would probably end up on a ballot. He did not see any legislator putting the request forward.

Mayor Oberg asked about ways to improve relationships between the cities/towns and legislature. Mr. Aarons said the Council had the ability to articulate to its constituents the importance of communicating regarding their rights, abilities, revenues, and local governance.

C. Presentation of Draft City Water Management and Calendar Year 2017 Alternative Water Allocation Policy

Leslie Graser, Water Resources Manager, presented. She said the policy was to establish requirements to support the allocation of “alternative water supplies” from the City’s water portfolio, set clear procedures for the submittal of water service agreement applications, and provide basic information on the City’s legal requirements as a provider of Assured Water Supplies in a State-defined water Active Management Area (AMA).

Proposed timetable for policy adoption

- Brief background on the existing policy
- Brief review of information provided at the council Water Issues Committee meetings
- Introduction of the Draft City Water Management and Calendar Year 2017 Alternative Water Allocation Policy

Proposed Adoption Actions for the Policy:

- November 1 – Council Water issues Committee reviewed
- November 8 – Council Study Session
- December 1 – Council Water Committee
- December 13 – Council Voting Session

Existing Policy:

- Policy established in 2016-11-16
- Identified conditions for the temporary suspension, short-term and long-term portfolio, work projects and over-arching
- Opening volume was 4.79 AF with a general pool of 324 AF
- Volumes available after the November 1, 2016 Council Water Issues Committee in the residential category was Market = 23.15 AF and Workforce = 11.60 AF

Draft policy

- Section 1 – Introduction
While this Water management Policy references infrastructure and physical supplies, it is intended to serve as a Water Resource management document providing information on the policies that guide water supply protection and use,

basic physical supply information, alternative water allocation, and how those are integrated to ensure healthy and stable water supplies for the community.

- Section 2 - State and City Water supply management requirements
Unchanged
- Section 3 - Physical Water Supplies
Ms. Graser said the City relies primarily on groundwater for water supply. In order to protect the supply, the City augments the groundwater, as outlined by State laws, by using surface water from local reservoirs and reclaimed supplies (treated effluent) to recharge the aquifer. The Policy included a diagram explaining the urban water cycle.
- Section 4 – Water Management – Integrating Physical Supplies and Legal Requirements
 - 4a – Water Management and the City’s General Plan
Continue to evaluate and address the community’s water supplies within the City’s General Plan
 - 4b – Water Management and Conservation Plan
Continue to assess the community’s water supplies to provide education and tools to assist home and business owners with basic and advanced conservation methods

Mayor Pro Tem Lamerson said although the population had increased the water usage has decreased.

Ms. Graser said the Gallons Per Capita per day had decreased. She continued with the presentation.

4c- Water Management and Drought Planning
Continue to monitor the community’s water usage in accordance with City code requirements for Resource Status Levels and associated Water Conservation Levels

4d- City’s Assured Water Supply and Water Loss

4e- City’s Assured Water Supply and Infrastructure Planning

- Section 5 – City’s Decision & Order (D&O) and Calendar Year 2017 supply
 - 5a – Summary of alternative Water Allocations (1999-2016)
 - 5b – Water Allocation Policies and Volumes for Calendar Year 2017

The policies were organized in three categories: 1) Overall requirements, 2) 2017 Budget, and 3) Reservations.

Category 2: 2017 Alternative Water Supplies for Placement into Contract

- Overall budget – 250 AF
- Limited amount being set aside
- Contractual – 100 AF for use on lands identified
- Obligation – 751 (Bullwhacker Ranch Inc.) The water would be set aside for three (3) years initially, after which the volume remaining would be reviewed (May 2019)
- 2017 Water Budget – 150 AF

Category 1: Overall Requirements

Policy 1 through 6 – no changes

Policy 7 – Alternative water would only be allocated per policy to support lot splits occurring in vacant, residentially zoned tracts identified in the associated reservation (Category 3). Splits of un-subdivided lots (no groundwater allocation), not identified in the vacant residential reservation, may be supported by alternative water with connection to the City's sewer system.

Policy 8 – Alternative supplies shall not be allocated for uses that would not return 50% or more wastewater to the treatment plants.

Policy 9 through 13 – no changes

Policy 14 – New applications for water service agreements to serve apartments shall be accepted but not acted upon during the 2017 calendar year, unless it was a project for which a portion of the needed water supplies had been allocated in an earlier contract or was an Exhibit A project.

Policy 15 – Water supplies set aside for Exhibit A projects would expire June 30, 2017.

Policy 16 – Well(s) on any property to be served by City water must be officially abandoned with the Arizona Department of Water Resources.

Policy 17 – All projects must connect to the City sewer system prior to physical delivery of any water reserved in a Water Service Agreement.

Councilman Blair said a lot of work had gone into drafting the policy. He said the policy worked very well. He said there has been a managed growth of about two percent.

Mayor Pro Tem Lamerson gave kudos to the policy. He felt the low water consumption was due to having a good policy in place.

Councilman Sischka asked staff if they felt the per capita per day would continue to go down.

Ms. Graser felt the consumption would continue to go down. She felt the policy provided flexibility for water conservation and the community would continue to work together towards conservation.

Councilman Sischka asked if the new developments were integrating water conservation methods that would help, and if Prescott was one of the most conservative communities in Arizona. Ms. Graser said new developments were implementing water saving devices and Prescott was moving towards being one of the most conservative communities.

Mayor Oberg asked if City had started to look at properties hooked up to City water that do not provide re-charge credits.

Michael Lamar, City Manager, said staff was discussing this. Ms. Graser said the City did an un-sewered properties list. At the time the list was prepared it was determined too costly to follow up.

Mayor Oberg said un-sewered lots should be discussed at some time in the future to work with legislatures, to try and control exempt wells.

Barry Aarons, Legislative Consultant, said the first step would be to discuss this with the Arizona Department of Water, which he was happy to initiate.

Councilman Blair said in North Prescott there were 460 un-sewered lots that needed to be addressed.

Mayor Pro Tem Lamerson said there were people in the legislation that were concerned with water and working through Prescott's lobbyist could help address issues.

D. Discussion of proposal to allocate \$25,000.00 to the development of Pickleball Courts at Pioneer Park

Pat Travers, Prescott Pickleball Association, presented. She gave an update on the Pioneer Park Pickleball project.

- \$91,000 in ACF-PPA Fund. \$20,000 pledged
- Kimley-Horn Engineer near submission of plans to the COP
- Community programs in planning stages (Boys to Men, YBBBS, PUSD)
- Program in place (Veterans, YC Youth Detention Center, Boys and Girls Club)

Reason to Invest

- ½ way there with fund raising dollars
- Revenue to the city – tournaments bring in dollars
- Programs and tournaments could be scheduled during shoulder time
- PPA would work, with Parks and Recreation
- Pickleball is self sustaining – generates dollars
- Tourists would participate
- Pickleball tournaments boost the local economy.

Councilwoman Wilcox asked who would own and maintain the courts and had an agreement been finalized between the City and the PPA.

Michael Lamar, City Manager, said the City was working on the agreement.

Joe Baynes, Recreation Services Director, said after the courts were built they would be donated to the City and a donation agreement and memorandum of understanding between all parties would be finalized.

Councilwoman Wilcox supported the project. She asked if impact fees could be used.

Jon Paladini, City Attorney, said bed tax funds would be appropriate to use. He said the Parks Master Plan stated how impact fees could be used. The Master Plan would need to be changed in order to use impact fees for pickle ball courts.

Councilwoman Orr asked what it would take to rewrite the Master Plan. Mr. Baynes said the Master Plan was written in 2007. Mr. Paladini said the impact fees were justified at the time the Plan was written. He said funding for pickleball courts would need to be justified.

Mark Woodfill, Finance Director, said at the time the impact fees were determined, the law stated, cities could not saddle a new service level in a community on new development. He said Development Impact Fees could only be used to grow existing service levels to meet additional capacities.

Michael Lamar, City Manager, asked if the Master Plan mentioned expansion of certain age groups. Mr. Woodfill said the study was based on the inventory and amenities at the time.

Councilman Blair said expanding an existing park was included in the Master Plan. The pickleball courts would be an element in an existing park. He said the demand for pickleball courts was because of the people moving into the community.

Mr. Lamar said the needs for recreation had changed. He said it would be good to revisit the Master Plan to include adult activities.

Councilwoman Orr thanked the PPA. She loved the healthy aspect of the game,

affordability, and included multiple generations.

Councilman Sischka said the tournaments would bring people to town. He said people would spend dollars in the community that would end up in the bed tax fund. He thought the money should come from the bed tax fund.

Mayor Pro Tem Lamerson agreed the Master Plan should be reviewed, supported the use of bed tax funds, and wanted flexibility in working through the details.

Mayor Oberg asked Mr. Aarons what his thoughts were on opening up discussions in the legislation regarding the use of impact fees.

Barry Aarons, Legislative Consultant, said discussing impact fees was controversial. He said trying to use impact fees specifically for pickleball courts would not succeed through the legislation.

Mayor Oberg said improving or expansion of the trail system was included in the Master Plan. He asked if a something were placed near the pickleball courts that supported the trail system and pickleball, could impact fees be used towards that construction.

Councilman Blair supported rewriting the Master Plan. He said the Parks and Recreation Advisory Committee could rewrite the Master Plan, inclusive of all recreation activities.

Mr. Paladini said the basis to collect a recreation impact fee for pickleball courts needed to be determined. He said \$25,000.00 could be taken from impact fees, but he advised of the legal risk. He said if someone challenged the use of impact fees and won, the fees would need to be paid back.

Mr. Baynes said when the Master Plan was written the pickleball courts were not tied to development impact fees. He said improvements to parks were included. He said the need for bathrooms because of increased use could be funded from development impact fees.

Councilman Sischka said bed tax funds would be paid back.

E. Requests for information re November 8, 2016, Voting Meeting agenda items.

This item was not discussed.

F. ADJOURNMENT

There being no further business to be discussed, the Study Session Meeting of November 8, 2016, adjourned at 3:14 p.m.

HARRY B. OBERG, Mayor

ATTEST:

DANA R. DeLONG