FINAL REPORT
COMMUNITY STRATEGIC PLANNING COMMITTEE
JUNE, 1994

(Revised 7-15-94)

INTRODUCTION

The Prescott community is at a crossroads. The area continues to grow, and demand for public services and facilities is increasing. Like other communities, Prescott cannot be "all things to all people". As a community, we must identify our wants and needs and prioritize those wants and needs. Difficult choices need to be made to secure the future and ensure a continuing quality of life for Prescott's residents. This decision making process must include developing consensus and ownership of the choices and ultimately support for specific strategies by the entire community.

A Community Strategic Planning Committee was constituted in October 1993 and given the charge to coordinate and provide leadership for this decision making process including helping to develop consensus and public ownership of the choices, as well as support for specific strategies by the entire community. The Committee's primary task was to complete a 5-year strategic plan for the community which addresses: 1) basic public services: 2) street maintenance, reconstruction and development; 3) park maintenance, improvement and new development; 4) economic development policies, priorities, and projects; 5) growth management; and 6) "quality of life issues" such as open space acquisition/ preservation, historic preservation, transportation alternatives and public transit.

Members of the Committee included Malcolm Barrett, Jr., Lindsay Bell, Charles Donahue, Ben Furlong, Jerry Harrington, Joel Hiller, Dava Hoffman, Fred Lindquist, Glady Miller, Tom Reilly, and Nancy Thomen. To accomplish its work, the Committee met bi-weekly from November, 1993 through April 1994, and then met weekly during May, 1994. All meetings were open to the community, and community involvement and participation were actively encouraged.

During spring, 1994, a public information campaign was conducted to inform the community of progress and status of the Committee's work. This campaign included a series of articles in the *Prescott Courier*, as well as numerous speaking engagements to local groups and organizations which were conducted by members of the Committee assisted by City Manager Mark Stevens and Budget and Finance Director Kay Schmitt.

Preliminary conclusions of the Committee were first shared with the community at a public forum hosted by Prescott 2020 in late April. After eight months of work, in early June, 1994, the Committee submitted this strategic plan for review by the Prescott City Council and the Community at large. This final report was shared with the latter at a public meeting on June 23, 1994.

THE STRATEGIC PLANNING COMMITTEE PROCESS

Major activities of the Committee included the following:

1. The group conducted extensive data gathering, and was thoroughly briefed on City growth and revenue projections.

2. The Committee reviewed all recent existing needs assessment and planning documents available including the General Plan, the 20/20 Forum reports, City Council Goals, Chamber of Commerce priorities, Prescott Town Hall summary and numerous specific issue studies and plans.

3. With the assistance of City staff, the Committee developed a strategic planning survey consisting of fifty plus items to addressed and prioritized (possible future directions, activities, capital projects, etc. taken from the City's 1990 General Plan).

4. Numerous groups including the Strategic Planning Committee, the Prescott City Council, the Citizens Tax Committee, members of City Boards and Commissions and the Chamber of Commerce completed the survey.

5. Survey results were combined and the resulting priorities guided the Committee process.(see attachment A).

6. The Committee formed two sub-committees: one on growth and economic development and one on basic public services, streets and recreation. Each sub-committee met frequently to cover specific issues in even greater detail

7. Public presentations were made at area service clubs and community organizations to assist in educating the public as to the reality of city finances, projected shortfalls and interconnections of regulations and finances.

8. Members of the Committee (along with the Prescott City Council, City management staff and the Prescott Planning and Zoning Commission) participated in the April 5, 1994 City Futures planning session which was devoted to consideration of growth issues.

9. During May, 1994 the Committee met weekly as a full body to review sub-committee suggestions, and to come to consensus on recommendations to be forwarded to the City Council and the community at large.

10. The Committee met jointly with the City Council on June 7th to share conclusions and present this final report.

A VISION FOR THE YEAR 2000

A "hometown/smalltown atmosphere" is the essence of Prescott's character which sets it apart from other Arizona cities of comparable size. Throughout their history, the people of Prescott created a unique sense of community which is envied by those outside of Prescott and cherished by its own citizens. This sense of community is a feeling that people have about their environment that emphasizes a human scale in all elements: architecture, parking and circulation, land use policies, and opportunities for social interactions. Looking ahead to the year 2000, the future of Prescott envisions a continuing concern for its existing citizens of all ages and stations and for bringing new residents into Prescott's unique spirit of community and closeness; for preserving its historic uniqueness; and for providing an economic base which makes basic services and amenities possible.

This vision of Prescott shall serve as the basis for guiding our efforts and as a measure of successes as our community grows over the next five years. This plan and implementation strategies will utilize the best of human endeavor and knowledge of science and technology to meet the needs of Prescott's citizens through the year 2000.

CORE VALUES

The community's core values as developed through community input are identified as:

- Preservation of the community's character and quality of life.
- Preservation of Prescott's natural and man-made resources.
- Balanced growth and quality development through effective long-term planning.
- Citizen involvement and participation in local government and community activities.
- Ethic of fairness and equity for all community members.

CRITICAL CONCERNS/KEY CHALLENGES FOR THE NEXT FIVE YEARS:

- Effective communication between city government and the citizenry has been lacking. As a consequence, City government is perceived by some as an obstacle rather than a provider and facilitator of the public good.

- City government has worked hard in recent years to streamline operations and maximize cost efficiencies. The "big savings" from these efforts have been realized. Major reductions in costs will not be able to be realized without drastic reductions in existing service levels.

- There is consensus in the community that the quality of basic services should be maintained. However, even with continued adjustments to existing revenue sources and marginal expenditures to keep revenues even with expenditures, the General Fund can barely maintain current service levels.

- Some of the City's infrastructure (streets, parks, water lines, sewer systems, etc.) has begun to deteriorate and is in need of major upgrades and renovations.

- Historically , the General Fund has not been able to contribute significantly to capital projects. Even with good sales tax performance, growth in the General Fund will not be sufficient to cover substantial maintenance of infrastructure or provide significant funding for new capital projects whether in streets, parks, or other areas.

- The costs of providing some basic services are greater in Prescott because of geography, topography, and weather. Our winters assault the streets and other infrastructure. With our geographical layout, a 5-minute fire response time requires five stations rather than three. The area's topography, coupled with low residential densities, means that we have more lane miles of streets per capita than other cities of similar size.

- The demand for and use of some services are much greater in Prescott than in other communities of similar size and consequently strain our ability to deliver services efficiently. For example, the per capita circulation of books and materials from the Prescott Library is 15.1 annually compared to a rate of 8.0 for Flagstaff. Our recreation department services 240 softball teams each summer compared to 203 for Flagstaff or 10 for Lake Havasu City.

- Growth, new development, increased traffic, insufficient planning, revised public expectations, and changing social patterns have challenged the community and are straining our ability to appropriately manage these impacts in a manner consistent with community values.

- The community is increasingly losing its balance in terms of properties, facilities, and income potential represented in the tax base. Most growth is residential development (93% of new construction is residential, much of which is high-end residential). Once the hub of the tri-City area, Prescott now runs the risk of becoming a "bedroom" community. The significance of this is shown in data obtained from Arizona State University which indicate that, on a national average, residential uses require $1.25 in services for each $1.00 in taxes paid, while commercial/industrial uses only require 37 cents in services per $1.00 in taxes paid.

- The economic vitality of the community is becoming more and more fragile. There is not an adequate number of high paying/high quality jobs being created. The industrial and retail development in the area is occurring primarily outside the City of Prescott. The economic base of the City is based on tourism, and the City government's ability to maintain services is almost totally dependent on healthy sales tax revenue. To demonstrate the importance of where retail facilities are located, $10 million in sales in Prescott generates $100,000 in sales tax revenues to the City at its 1% local sales tax rate. Under the State sales tax revenue sharing formula, $10 million in sales outside of Prescott returns to the City in shared sales taxes a total of $467.65.

STRATEGIC RECOMMENDATIONS OF COMMITTEE: (No ranking of recommendations is implied.)

1. Improve public information, education, communication so that the community is better informed, more involved and empowered relative to municipal activities and community goals.

2. Maintain and in some cases enhance the existing levels and quality of basic City services including: police; fire; parks, recreation, and library; water; sewer; solid waste management; street maintenance and support; and administrative services.

3. Improve growth management, planning for development, and development regulatory systems.

4. Improve the maintenance, condition, and capacity of City streets.

5. Plan, encourage, and support economic development to improve Prescott's industrial, commercial, and retail base.

6. Complete and implement a downtown action plan.

7. Improve the condition, utility, and capacity of existing parks, recreation, and library facilities.

8. Improve the City's financial and capital planning to better respond to community values and strategic objectives.

9. Maintain enterprise funds (water, sewer, airport, golf, sanitation) to be self-sustaining and support necessary improvements and upgrades.

10. Improve regional cooperation, communication, and planning with a commitment to pursue the short-term and long-term priorities established by the Regional Association of Local Governments.

OVERVIEW OF STRATEGIC PLAN

Together, these recommendations represent a balanced program which addresses the major needs over the next 5 years. It is a no frills, "stick to basics" plan with a limited role for City government. Fundamental to the overall program is the continued transformation of City government into an entrepreneurial municipal government with a "can do" attitude that reaches out to inform, educate, and proactively involve the community.

Under the plan, police, fire, parks, recreation, library, water, sewer, street upkeep, and other basic municipal services are maintained at current quality levels with some enhancements where necessary. The overall program also enhances economic development through comprehensive planning, regulatory reform, targeted infrastructure investment and incentives. There is a commitment to effective long-term financial and capital planning as well as initiation of programs to preserve the Community's major geographic and historic features. The plan includes implementation of some park and recreational system facility enhancements, airport maintenance improvement projects, and golf course improvements.

Streets are addressed extensively in the plan, both by maintaining adequate investment in traffic signals, street lights, sidewalks, intersections, etc., as well as implementation of an appropriate street maintenance and reconstruction program. Additionally, the program includes several new street widening or new street construction projects intended to address traffic flow, health, and safety issues and complement economic development initiatives. All these components, and the specific priority objectives and strategies recommended for each are discussed in detail below.

As for financing, the entire program is ultimately predicated on the continued strength and viability of Prescott's taxable sales economy. The plan also incorporates numerous recommendations for user fee adjustments, impact fee revisions, enhanced volunteerism, expanded regional cooperation, and specific projects targeted for funding from the General Fund Reserve.

Many aspects of the overall plan are achievable within current and projected resources, given certain assumptions: that revenues from the existing 1% sales tax will increase 5.5% to 7% annually; that various fee proposals will be implemented; that the golf course and airport self-sufficiency plans are met; and that cost containment strategies are continued and enhanced.

However, implementation of the essential street maintenance, reconstruction, and new street construction projects recommended as well as the capital fund reserve recommended will require significant new revenues. The gap between projected revenues and needed revenues for these

projects over the next 5 years is estimated at $25,000,000, depending upon the pace of the reconstruction program and the extent of new street construction or other capital projects which may be undertaken within 5 years. To address that gap, the Strategic Planning Committee is recommending that a 1 cent additional sales tax initiative be presented to the voters. This report suggests one scenario for term and uses of this sales tax increase. Other options can and should be considered and evaluated. The important thing is to focus on the major street objectives as proposed herein and a sales tax increase as a viable means to accomplish these objectives. If the voters reject the sales tax initiative, then the overall program recommended by the Strategic Planning Committee would need to be revisited and reduced by $25 million. That magnitude of reductions would clearly have to eliminate the major new streets, parks, and capital renovation and construction projects as well as significantly reduce basic services and defer the economic development initiatives. This choice represents two alternative visions for Prescott's future. We are at the crossroads, and the community as a whole needs to decide which path to take.

OBJECTIVES AND IMPLEMENTATION STRATEGIES BY RECOMMENDATION:

Recommendation 1: Public Education, Information, and Communication

Improve public information, education, and communication so that the community is better informed, more involved and empowered relative to municipal activities and community goals.

Rationale for Recommendation 1: "Business as usual" is no longer acceptable to ensure a positive future for the City of Prescott; a change in mind set is indicated for the community at large and within City government specifically. Throughout the strategic planning process, it has been apparent that improving public information, education, and communication to involve, engage, and empower the community is critical to Prescott's future. There needs to be a more entrepreneurial approach to delivery of government services; a "can-do" attitude that reaches out to the community with good public information, education, and communication. Achieving this improved communication, and changing the way the City does business is fundamental to the success of the overall program presented by the Strategic Planning Committee. The Committee would like to recognize and acknowledge that significant improvement and progress has been noted in these areas in the past year, and we believe much more can still be done.

Priority Objectives

- Emphasize customer service/ "can do" attitude among City staff.
- Substantially expand public information activities.
- Create a more entrepreneurial municipal government.

Implementation Strategies and Alternatives:

Can/do Attitude:

- Incorporate new emphasis in employee recruitment, orientation, and in-service training practices.

- Provide incentives, rewards, and recognition to employees who successfully demonstrate the "can do" attitude and/or provide innovative ideas.
- Keep City employees better informed of City activities.
- Conduct customer service training for all City employees.
- Implement an employee evaluation and accountability system based upon "can do" attitude objectives.

Public Information:

- Continue City newsletter and supplement with a "City Page" type program with a local newspaper.
- Try to establish more columns in local newspapers such as the recreation column in the Courier.
- Make more effective use of the local access television channel.
- Continue radio programs and appearances.
- Establish public information training program for City officials.
- Simplify City procedures, forms, etc., wherever feasible.
- Conduct town hall-type meetings throughout the community on a regular basis.
- Hold periodic joint meetings with advisory boards and commissions.
- Expand public notification of development projects.
- Hold public area meetings in advance of formal meetings on development projects.
- Establish City speakers bureau to more actively make presentations and engage in dialogues with community groups and organizations.

Entrepreneurial Municipal Government:

- Conduct customer training for all City employees.
- Establish a more effective, long-term volunteer program.
- Privatize or contract out municipal services whenever cost-effective.
- Continue the Alternative Services Delivery Committee.
- More effectively utilize user fees to help pay for direct service delivery costs.

- Make strategic investments in personnel, employee development, and information technology tools.

- Create systems which provide incentives for cost containment, real savings, improved employee productivity, etc.

- Focus on ways to earn money such as enhancing the sales tax base through business expansion.

- Reduce bureaucratic processes and increase flexibility and responsiveness.

- Create partnerships with the community to accomplish specific objectives.

Recommendation 2: Maintain Basic Service Levels

Maintain and in some cases enhance the existing levels and quality of basic City services including: police; fire; parks, recreation, and library; water; sewer; solid waste management; street maintenance and support; and administrative services.

Rationale for Recommendation 2: By necessity, basic public services must be maintained. The only issues are level of quality desired and level of financial support to be provided. There is a strong consensus within the community that basic services should be maintained at least to current levels. There is also a strong expectation that the delivery of government services be as efficient as possible. City government has worked hard in recent years to streamline operations and maximize cost efficiencies. Dollar savings have been realized from these efforts, and the "down-sizing" process is largely complete. However, given the changing environment, maintaining services at current levels will require some additional strategic investments and continued exploration of opportunities for non-dollar improvements in quality (e.g. innovative approaches to service delivery, expanded volunteerism).

Priority Objectives:

Police

Police services are a vital service providing protection and safety to citizens and property. Prescott is not immune to rising crime rates and societal changes which impact law enforcement activity. Law enforcement issues are becoming more regional in nature, requiring even more focus on intergovernmental cooperation. Gang, drug, crime prevention, and other areas will require increasingly proactive, community-based policing approaches.

- Maintain current levels of law enforcement services.

- Strive to enhance service levels in more proactive, community-based policing areas.

- Continue and expand neighborhood watch group and other forms of community involvement.

- Continue and expand police volunteer, explorer, and reserve programs as cost-effective means to supplement resources.

- Support organizational efforts to increase resources devoted to police patrol and maximize efficiency of patrol resources.

- Focus on interagency, regional cooperation as a top priority, building upon successful initiatives of the past year. The committee recommends that a regional law enforcement task force be established, similar to that recently undertaken with fire protection. This task force should include representation for all area law enforcement agencies as well as elected officials, administrators, and the general public and should be charged with identifying and evaluating opportunities for further interagency law enforcement cooperation or consolidation.

Fire

Fire services are a vital service ensuring the safety of life and property. Prescott enjoys, and there seems to be strong community support to maintain, 5-minute-average emergency response times and a Class 4 ISO rating. Prescott is also part of the urban/wildland interface, and local and regional forest fire prevention and response capabilities are of significant importance. Functional consolidation with area fire districts, downsizing within Prescott's Fire Department, and well-planned fire station locations have enabled quality services to be provided cost effectively.

- Maintain current levels of fire services.

- Implement an emergency medical fee on medical calls sufficient to at least cover direct costs of providing emergency medical services.

- Maintain and expand where feasible regional functional consolidation and cooperation activities.

- Utilize impact fees to help fund any necessary expansions of fire station facilities or major vehicle needs attributable to growth impacts.

Parks Recreation and Library

Parks and Recreation provides and manages a wide variety of leisure and educational activities for the citizens of Prescott and surrounding area. Goals and objectives have been identified by several groups (2020, General Plan, Strategic Planning Committee, Parks and Recreation Advisory Committee, City Futures Retreat) to expand recreational activities. Recognizing both the income potential of recreational services (especially vis-a-vis tourism) and the incredible demand for recreational services locally, we need to maintain what we have in our community park, recreation, and library systems. This will require us to improve upon our maintenance efforts and to address in upcoming years the implications of our parks, library, adult center, activity center, and other facilities reaching capacity.

- Maintain park, recreation, and library services at least to current levels.

- Establish a volunteer citizens' program such as Friends of the Parks modeled on the very successful Library volunteer program.

- Revise recreational user fee schedules to be more closely commensurate with the direct costs of providing those services, and include a factor for overhead costs in the revised fee schedule. Adult team sports fees in particular should be increased.

- The Parks, Recreation, and Library Department has demonstrated it can be innovative and entrepreneurial when it comes to developing facilities. It needs to pursue similar attitudes and approaches for maintaining facilities and providing services.

Implementation Strategies and Alternatives:

- Additional cost savings through productivity enhancements, increased volunteerism, information technology and intergovernmental cooperation.

- Additional revenues via fee increases or establishment of new fees (e.g., recreation fees).

- General maintenance of existing parks could be taken over by user groups such as Friends of the Parks mentioned above.

- Creative funding for unmet needs should be explored, e.g., privatization of some parks, gift or donation campaigns, etc.

Recommendation 3: Growth Management and Planning

Improve growth management, planning for development, and development regulatory systems.

Rationale for Recommendation 3: Prescott was recently designated the Number One retirement community in the country. It is everybody's hometown, and the place that everybody want to come home to. Our present regulatory mechanisms are ill equipped to guide and manage this inevitable growth in a way that preserves, protects and enhances what is unique about Prescott. Through the many community forums held over the last several years and months, a fundamentally different set of priorities has been identified than those which are codified in our current regulatory documents. Our current zoning ordinance establishes lot size and set backs as our primary values in contrast to those priorities or values that have been identified by the General Plan, 2020 vision statements and the recent City Futures report . The important elements which reflect the consensus of community values include neighborhood character, preservation of historic features, (especially the downtown area), preservation of natural and environmental resources, siting sensitivity, density incentives, and open space. These are the values which need to be included as fundamental principles in the "toolbag" of mechanisms to help preserve what we as a community hold dear.

Priority Objectives:

- Complete a thorough review and revision of regulatory documents to ensure flexibility and consistency with General Plan intentions with incentives for natural and historic preservation in zoning and regulatory requirements.

- Conduct a comprehensive study of current and potential impact and development fees.

- Improve and better integrate overall planning, inclusive of identification of actions needed to be undertaken within the next 5 years.

- Develop and adopt specific area plans for major undeveloped areas to include transportation and circulation elements; recreation and open space elements and land use considerations.

- Improve regional planning.

- Adopt the core goals, values,and principles for growth and development that were developed and agreed upon at the City's Futures retreat (see attachments).

Implementation Strategies and Alternatives:

Establish a list of priority planning and regulatory reform projects to be completed within the next 0-24 months. Prepare a comprehensive work program to insure the timely and effective completion of these projects, inclusive of appropriate levels of participation from affected property owners and the general public. Allocate sufficient resources from the General Fund Reserve and/or other sources for temporary or consultant professional services as necessary to supplement Staff and volunteer resources. Work program should include, but is not necessarily limited to, the following projects:

- Updating the 1990 General Plan as necessary.
- Review and amend regulatory documents such as the zoning code, subdivision ordinance, hillside ordinance, site development guidelines, etc., to insure these tools effectively reflect community values and implement community objectives.
- Review and revise existing impact fee systems and establish new impact fees as appropriate, all with the intent of insuring new development pays its fair and equitable share of capital facilities enhanced to service growth demands.
- Conduct fiscal impact analyses of different community buildout options to evaluate long-term financial implications of various development scenarios.
- Develop an environmentally sensitive lands ordinance to identify, map, and quantify environmentally sensitive areas and to provide the opportunity to guide development in ways that minimize adverse impacts.
- Prepare and adopt specific area plans and review existing plans addressing land use, transportation/circulation, open space/recreation, utilities, etc., for key areas within the City.
- Update and revise the Historic Preservation ordinance as appropriate.
- Establish citizen committees to work on planning, regulatory, and impact fee projects.
- Continue to utilize development agreements as a tool to negotiate and establish contractual obligations regarding additional property owner/developer commitments, area planning provisions, and other quality development considerations.
- Provide mechanisms for expanded public notification and informed participation in development projects. Improve the quality of information provided to citizens on development projects.
- Implement procedures to effect a more customer friendly and more coordinated, effective work effort by City Staff from a general building permit to a full-scale master development plan.
- Establish a revised annexation policy and strategy which identifies and plans for long-term City and area interests and needs.
- Streamline and simplify application processing procedures.
- Establish an annual tri-city area "town hall" specific to regional growth, planning, and development issues.

- Use incentives and inducements to guide and encourage specific development priorities.

Recommendation 4: Improve the maintenance, condition, and capacity of existing City streets.

Rationale for Recommendation 4: The condition of Prescott's streets require immediate and significant attention before deferred maintenance problems create overwhelming transportation, circulation, economic, and financial problems. The City's primary revenue source for street projects, HURF, has been declining in constant dollars while the street lane miles will have almost doubled over the past 10 years, contributing to the fact that funds available for street maintenance per lane mile have decreased by about 50% in constant dollars over the last decade. Maintaining Prescott's streets at their current condition requires an annual maintenance budget at least 1.5 times the current budget. If streets are not adequately maintained, they deteriorate past the point of being maintainable and have to be reconstructed, such as this year's Ruth Street project. Over time, it costs almost 3 times as much to have to reconstruct a street than it does to properly maintain it, and already the City faces $8 million in street reconstruct projects. Investing significantly more of annual HURF and LTAF (lottery fund) allotments to street maintenance will result in decreased levels of service in related areas such as drainage work, street lights, traffic signals, snow removal, signage, pothole repair, crack sealing, street sweeping, brush and weed control, striping, etc., service levels which the committee finds need to be maintained at least existing levels.

Certain major streets require additional attention within the next 5 years. Willow Creek Road is already beyond traffic capacity in certain areas, and the situation will only worsen in the years ahead. At a minimum, the section of Willow Creek between Four Points and Green/Pulliam needs to be widened to five lanes for traffic flow, safety, and maintenance of the community's economic base reasons. At a minimum, Iron Springs Road between Four Points and Ponderosa Plaza needs to be widened for the same reasons. Wilkinson Road, which services the airport area and the City's best area for "industrial" development and quality job creation, needs to be realigned and widened for the same reasons. And the Committee believes it is essential for the City to become more proactive in completing key connector roads to move traffic and open up new commercial areas rather than continuing the past practice of awaiting such roads to be constructed incrementally by private development. Consequently, the Committee recommends that the City complete the Rosser/Delano connector and the Highway 89 connector utilizing reimbursement agreements to recapture much of the expense as the areas develop.

Finally, effective transportation and land use management require a level of advanced planning. Although it is not, in the committee's opinion, financially feasible to undertake certain other road projects within the next 5 years, it is necessary to progress with planning for such projects as future phases of Willow Creek Road and Iron Springs Road, widening of Williamson Valley Road, construction of a connector road between Willow Creek and Williamson Valley connector between Thumb Butte Road and Copper Basin Road, and access roads to/from Pioneer Park, several of these being in conjunction with Yavapai County.

Priority Objectives

- Increase annual investment in street maintenance by at least $600,000 per year.
- Increase investment in street reconstruction projects by at least $8 million over the next 10 years.

- At a minimum, maintain annual investment in traffic signals, street lights, unpaved streets, sidewalks, intersections, drainage, snow removal, etc.

- Complete widening of Willow Creek Road to five lanes from Four Points to Green/Pulliam at an estimated cost (adjusted for inflation) of $6-$6.5 million.

- Complete widening of Iron Springs Road from Four Points to Ponderosa Plaza at an estimated cost to the City of $400,000 (assumes $800,000 federal grant).

- Complete Rosser/Delano connector at an estimated cost of $1.5-$2 million (inflation adjusted), with the entire cost expected to be recaptured from private development in future years.

- Complete a connector road between Highway 69 and 89 at an estimated cost of up to $9 million (no design or estimates complete), with a substantial portion of the cost to be recaptured from private development in future years.

- Complete the realignment and widening of Wilkinson Drive at an estimated cost of $500,000.

- Protect traffic-carrying capacity of connector roads.

- Complete project planning for future major road improvements projected to be needed by the years 2000-2005.

<u>Implementation Strategies and Alternatives</u>

- Establish a $1 per month street light utility fee to offset a portion of street light electricity costs, thereby freeing up about $100,000 per year in HURF funds for street projects and activities.

- Identify and evaluate contract service, privatization, or other alternative service delivery techniques to attempt to contain or reduce street support service costs.

- Increase new street construction requirements to reduce future maintenance costs.

- Continue unpaved streets improvement district program and evaluate whether improvement districts or community facilities districts should be used more extensively, e.g., sidewalk projects, downtown parking projects, etc.

- Reevaluate the off-site improvement code and establish as legal and feasible a street impact fee system to insure new development pays its fair share of upgrading street capacity to service new development.

- Reevaluate new development traffic impact study requirements and use of development agreements, specific area plans, and other techniques to insure new development is paying its fair share of intersection upgrades, new traffic signals, etc.

- If Yavapai County establishes a 1/2% countywide sales tax primarily for road projects, work aggressively with Yavapai County officials to insure inclusion of projects substantially benefiting Prescott residents and taxpayers.

- Pursue potential use of federal and state grants for street projects, particularly those with economic benefits or in lower income areas.

- Propose to the voters a 1% sales tax for street maintenance, street reconstruction, and major street projects.

Recommendation 5: Economic Development: Plan, encourage, and support economic development to improve Prescott's industrial, commercial, and retail base.

Rationale for Recommendation 5: Prescott is growing increasingly out of balance. Residential development constitutes over 93% of all new development activity. The sales tax base, on which the City is principally dependent to provide services, is growing primarily in areas related to tourism and construction. New job creation in Prescott is almost entirely in lower paying service and trade jobs. The regional marketplace is rapidly growing and changing, and Prescott is becoming increasingly less competitive with the new regional economic realities. Less than 10% of the undeveloped land within the corporate limits of Prescott is currently planned for commercial or industrial development. Unless current trends are reversed, Prescott runs the risk of becoming a "bedroom" community without the economic base necessary to support itself. Studies show residential uses require $1.25 in services per $1.00 in taxes generated vs. 37 cents in service costs per $1.00 in taxes generated for commercial/industrial uses. Taxable sales in Prescott generate over 200 times the amount of sales tax revenue to the City as do sales made outside of Prescott.

Priority Objectives

- Improve Prescott's industrial, commercial, and retail base for purposes of maintaining balanced growth and development, insuring an adequate tax base to provide desired municipal services and providing quality and available employment opportunities for Prescott area residents by working with local private economic development, entities such as Prescott Chamber of Commerce, and Prescott Area Economic Development Corporation."

- Develop strategies through which Prescott can enhance its sales tax base.

- Make infrastructure investments intended to support and facilitate quality industrial and commercial development, particularly in the airport area, along Highway 89 and Highway 69, and along other connectors and corridors.

- Establish and implement as a community a business attraction program targeted at aviation/aerospace, electronics, business and financial services, software and information technologies, environmental technology, health care, education, hospitality and quality retail/commercial development.

- Work with property owners to establish appropriately zoned and serviced industrial and commercial sites and to aggressively pursue annexation of areas appropriate for such development.

- Establish an effective community business retention program.

- Continue to work with and support the tourism promotion efforts of the Prescott Chamber of Commerce and other entities.

- Consider appropriate investment in insuring the continued viability of the Willow Creek Road, Iron Springs Road, and Miller Valley Road business areas.

- Continue and improve efforts to establish an environment receptive to new business development among City officials and the community.

- Improve public education and information on the community's economics.

Implementation Strategies and Alternatives

- Work with existing entities to establish a community economic development task force to assist with development of strategies, site availability, community education, etc.

- Prepare a specific area plan inclusive of a business development corridor approach for the proposed Highway 69/Highway 89 connector.

- Prepare and implement an airport area plan which focuses both on the airport as an economic asset and pursues quality industrial development in the airport area.

- Establish a 5-year capital and financial program for economic development.

- Reevaluate developmental regulations and processes to insure they are conducive to quality business development and business needs and concerns.

- Establish an economic development training program for City employees.

- Establish incentive programs for targeted business development.

- In conjunction with property owners, identify areas appropriate for various types of business zoning and proactively implement such zoning.

- Prepare and implement special area plans for the Highway 89 and Highway 69 corridors.

- Evaluate impact fee proposals to insure they don't work at cross-purposes with economic development objectives.

- Continue the Economic Development Director position and continue the General Fund commitment to economic development.

- Implement an annual business licensing program and utilize any available revenues from such a program to support economic development activities.

- After appropriate sites have been established, design and implement an aggressive targeted business marketing program, inclusive of on a regional basis where appropriate.

- Pursue economic development grants as feasible.

- Work with Prescott Chamber of Commerce on concept of a community economic development foundation.

Recommendation 6: Complete and implement a downtown action plan.

Rationale for Recommendation 6: Downtown Prescott is the "crown jewel" of the Community. The courthouse plaza, together with the surrounding businesses, buildings and neighborhood symbolizes the small town/ hometown atmosphere cherished by local residents and envied by visitors. Preservation of the downtown is critical to the community's economic well being as well. If we allow the downtown to deteriorate whether from apathy, lack of planning, poor planning or disagreements over direction, the community will have lost an irretrievable piece of its character. The need for coordinated public and private action is immediate. The public role vs. the private role in downtown projects needs to be more clearly defined.

Priority Objectives:

- Organize a Downtown Management Group.
- Recognize the downtown as a primary economic/revenue base.
- Create a downtown district and adopt Downtown Charette (master plan) goals.
- Complete and implement the downtown action plan/Charette (see attachments).
- Develop design standards and consistent guidelines for improvements to the downtown area.
- Establish parking management and transit plan to include locations and access for parking areas (long term, short term and RV areas), transit stops and bicycle and pedestrian routes.
- Adopt a Historic Overlay District.
- Establish revenue and financing mechanisms for downtown improvements.

Implementation Strategies and Alternatives:

- Special traffic/transportation district with focus on pedestrian traffic.
- Special downtown business/civic/entertainment use districts (add to zoning code).
- Consider special streetscape elements including lighting, furniture, signage, vegetation, pennants, banners, etc.
- Work with downtown action group, Prescott Chamber of Commerce and the Downtown Prescott Association to coordinate activities and be sure everyone is "working off the same script" and moving in the same direction.
- Establish a historic overlay district with defined sectors and boundaries.
- Use facilities and improvement districts as financing mechanisms.
- Coordinate financial support and provide incentives for restoration of historic building facades.

- Complete the parking study now underway, and commit to implementation of the recommendations.

- Utilize financing mechanisms such as improvement districts, community facilities districts, special sales and business taxes, parking fees and rents, fund-raisers (buy a brick/tree/bench/etc. campaigns), low interest city loans, civic club donations of money and/or labor, development incentives.

- Work with Prescott Unified School District on long-term redevelopment options for the middle school property.

Recommendation 7: Parks, Recreation, and Library Facilities: Improve the condition, utility and capacity of existing parks, recreation and library facilities.

Rationale for Recommendation 7: Parks and Recreation facilities provide a wide variety of leisure and educational opportunities for the citizens of Prescott and surrounding area. The facilities are used and enjoyed by residents of the tri-city area and represent a tourist draw as well. Over the years, investments in existing facilities and development of new facilities has not kept pace with demand. The Parks, Recreation, and Library Advisory Committee has established a list of priority upgrade and renovation projects (see attachments) for existing facilities which the Strategic Planning Committee endorses. In addition to providing recreational opportunities, parks are a community open space asset. Open space has been identified as a major priority of our citizens.

The Committee also finds that preservation of geographic features intrinsic to Prescott and the Prescott area is an important quality of life consideration. Finally, growth will generate a need for expanded facilities in order to maintain current service levels, which must be planned for. Impact fees can only be used to increase capacity, not for maintenance.

Priority Objectives:

- Maintain and improve existing facilities per Parks, Recreation and Library Advisory Committee recommendations (see attachments for itemized list of priorities and estimated costs).

- Establish a branch library when warranted. Leased or rental space is recommended over a new capital facility as well as consideration of joint ventures with educational institutions.

- Complete Phase I of Pioneer Park.

- Consistent with the review of impact fees recommended elsewhere in this plan, consider increasing the impact fee charged on new development for Parks, Recreation, and Library purposes.

- Preserve major geographic features.

- Require private ownership, development, and maintenance of neighborhood parks (defined as generally less than 2 acres in size and not suitable for city wide public use).

- Develop new public parks (generally defined as greater than 2 acres and appropriate to a general public use) in currently undeveloped areas where opportunity for a "turnkey" park operation exists in conjunction with planned development sites.

- Leadership for a Prescott aquatic community center has been taken by the Young Men's Christian Association (YMCA), Yavapai Regional Medical Center (YMRC), Prescott Unified School District (PUSD), and Yavapai County. The City should participate in this partnership. All possible sources of funding should be pursused, especially those that do not require tax dollars, i.e., private donations, grants, Acker Trust participation, financial support from YMCA, YRMC, PUSD, County, etc.

- The Parks and Recreation Master Plan should be re-evaluated based on the redefined role of city government in recreation services as outlined within this plan.

Implementation Strategies and Alternatives:

- Establish a "Friends of the Parks" program to assist with funding and upkeep of park facilities.

- Review and adjust as appropriate impact fee for parks, recreation, and library facilities. Utilize impact fee revenues projected to be available over the next 5 years for the following projects:

  - Complete Pioneer Park, Phase I.
  - Complete planned Heritage Park enhancements.
  - Complete Watson Lake Park road.
  - Complete public park and trails in the "Prescott Lakes" area.
  - Plan for branch library implementation.
  - Plan for Pioneer Park, Phase II.
  - Plan for park in conjunction with PUSD at Cliff Rose area school site.
  - Plan for Willow Lake recreation area.
  - Plan for Southview area open space/recreation area.
  - Plan for future activity center/community center needs.

- Work with Yavapai County to create an impact fee mechanism for residential development in unincorporated areas near City boundaries.

- Continue to utilize 50% of Bed Tax proceeds for recreational development. Plan for next 5 years to complete Ken Lindley Field renovations.

- Utilize the proposed Capital Improvement Fund to complete maintenance/upgrade projects.

- Work with the Friends of the Library for assistance to accomplish branch library project.

- Work with Adult Center association to implement Adult Center objectives upon expiration of existing lease in 1998.

- Establish a donation, gift, and bequest program.

- Establish recreation and open space components in specific area plans for major undeveloped areas.

- Integrate recently endorsed Yavapai Trails Plan into long-term planning efforts.

- Apply for and utilize grants where appropriate.

- Work with Acker Trust Board on proposed uses of proceeds from potential sale of large Acker tracts.

- Establish a preservation of major geographic features program. Major geographic features need to be established and may include Thumb Butte, Granite Mountain, Granite Dells, Watson Lake, Willow Lake, riparian areas, open space, viewsheds/vista parks, etc. Funding needs to be made available through proposed Capital Improvement Fund.

- Support community efforts to construct a community pool and negotiate agreements to insure public access without City capital development funding.

Recommendation 8: Improve the City's financial and capital planning to better respond to community values and strategic objectives.

Rationale for Recommendation 8. Effective long-term financial and capital planning is essential to a municipality's ability to identify and accomplish service levels and projects in an orderly manner, to integrate needs across funds and functions, and to pursue a coordinated strategy to achieve identified objectives. Such planning is also an essential component of effective public information, education, and communication. The City has historically done an inadequate job of multi-year financial and capital planning which has contributed to many of the problems being confronted and addressed in this report. Current efforts are outstanding and need to be supported and continued. One result of current efforts is the demonstration of the problems associated with the City not having a Capital Improvement Fund in which dollars are available for capital projects either on a planned basis or to respond to opportunities. The community will be unable to implement the overall, balanced program recommended in this report if a general Capital Improvement Fund cannot be established and adequately funded.

Priority Objectives

- Prepare, annually update, and annually adopt financial and capital plans of at least 5 years in duration for the General Fund and all major operating and enterprise funds.

- Establish a Capital Improvement Fund with unrestricted revenues available for both planned projects and in response to strategic opportunities.

Implementation Strategies and Alternatives

- Adopt and implement the proposed City Council policy requiring financial and capital plans.

- Expand the existing Capital Improvement Fund which acts as a depository for proceeds from the sale of surplus municipal real estate into a true Capital Improvement Fund for the following purposes:

  - Economic development facilitation infrastructure and incentive projects.

  - Downtown improvement projects.

  - Public-benefit airport projects.

  - Preservation of major geographic features projects.

  - Major public facility, public building, or information technology projects.

  - Priority parks and recreation projects not funded by other sources.

  - Projects in response to unique opportunities.

- Establish as funding sources for the Capital Improvement Fund:

  - Proceeds from the sale or lease of unrestricted surplus real estate.

  - All available General Fund revenues in excess of General Fund expenditures.

  - Unrestricted donations, bequests, etc.

- This is the ultimate result of the "live and die" off the existing 1% sales tax strategy. If the sales tax base increases annually by more than 5.5%-7%, these "excess" funds become the annual revenue stream for the Capital Improvement Fund. If sales tax doesn't perform, there will not be much of a Capital Improvement Fund.

- The other key is the performance of the Golf Course Fund. If the Golf Course Fund is successful in accomplishing its financial plan, another $1.7 million will be repaid to the General Fund over the next 5 years, all of which should be deposited in the Capital Improvement Fund.

Recommendation 9: Maintain enterprise funds to be self-sustaining, support necessary improvements, and maintain service levels.

Rationale for Recommendation 9. The City's enterprise funds include water, sewer, sanitation, transfer station, golf, and airport. All of these funds are intended and planned to be self-sustaining. The City Council has adopted policies prohibiting further long-term borrowing by these funds from the General Fund. Financial planning assumptions fundamental to this strategic plan are that these enterprise funds will be self-sufficient, they will maintain desired service levels, and that the City will make appropriate business decisions necessary to do so. If enterprise funds become a burden on the General Fund, the strategic plan has no chance for success.

Priority Objectives:

- Financial, capital, and operating plans and programs will be established for all enterprise funds necessary to achieve and maintain self-sufficiency.
- The City shall make the business decisions necessary for enterprises to operate on a self-sufficiency basis.

Implementation Issues

- It appears that the Sewer Fund will require increases to both its general rates and its buy-in fees to meet its capital and service level obligations and objectives.
- It is incumbent upon the City Council to settle policy issues regarding airport debt and funding of airport capital improvements.
- If airport master planning indicates that the Prescott Airport is expected to service a growing regional market in future years, the City should pursue the establishment of a regional airport authority to govern what will be a significant regional airport. Such an entity would serve to share the responsibility in meeting the demands for upgrades and expansion to serve the tri-city and County area.
- Long-term assured water supply and landfill closure issues need to be resolved, should both be FY95 priorities, and utility surcharges will need to be set accordingly.
- Success in achieving golf course objectives are crucial to the strategic plan.

Recommendation 10. Regional Cooperation: Improve regional cooperation, communication and planning with a commitment to pursue the short-term and long-term priorities established by the Regional Association of Local Governments.

Rationale for Recommendation 10: Prescott is not an island and is actually the slowest growth area in the region. Regional cooperation and coordination is essential to the area's future. Prescott needs to be committed to effective regional cooperation and planning, although it must be acknowledged that Prescott cannot unilaterally insure effective regional cooperation.

Priority Objectives:

- Implement intergovernmental planning of major growth corridors including Highway 69, Highways 89 and 89A, Willow Creek Road and Williamson Valley Road.
- Establish intergovernmental strategies for annexation policies.
- Along with the other regional governments, participate in the update of the Central Yavapai Transportation Plan.
- Maintain commitment to intergovernmental communication and cooperation on growth management issues.
- Implement a regional public transit system.

Implementation Strategies and Alternatives:

- Continued active participation with the Regional Association of Local Governments.
- Central Yavapai Transportation Plan to be spearheaded by Yavapai County and jointly funded by ADOT with matching funds from participating governments.
- Areas for potential regional cooperation on growth issues:
  - Preparation of a regional map.
  - Preparation of a regional database.
  - Review of area general and community plans with potential preparation of a regional document.
  - Preparation of a regional public/private airport area plan.
  - IGA to address lot splits, minor subdivision, and minimum fire safety requirements within unincorporated areas of the urban/wildland interface area.
  - Continued regional approach to GIS system.
  - Investigation of feasibility of a regional approach to the 1995 special census.
  - Use of extraterritorial IGAs in growth corridor or potential annexation areas. Also use of intergovernmental development agreements.
- Pursue intergovernmental strategies for annexation.
- Work to establish a community-based public transit system with a minimum level of municipal government involvement.

OVERALL FINANCIAL PLAN

The Committee is recommending a balanced, planned, comprehensive program intended to address fundamental needs in major areas of growth management, infrastructure, economic development, parks and recreation, public safety, long-term planning, regional cooperation, public involvement and improving the way the City does business, based upon a vision of Prescott as a viable, quality community.

The financing of this program over the next 5 years also requires a balanced, planned, comprehensive approach which incorporates measures including:

- Cost containment and cost reduction activities.
- Recognition of maintaining and enhancing our taxable sales tax base as the most vital component of maintaining service levels, hence the need to invest and focus activities on earning money.
- Insuring that new development pays its fair share of capital facilities required to service growth impacts.
- Insuring that direct users of various services pay a fair share of the costs of those services.
- Insuring that enterprise fund activities are financially self-sufficient without need for subsidy by general taxes.
- Continuing existing City policies of reducing primary and secondary property tax rates and reducing municipal debt.
- More aggressively pursuing gifts, donations, bequests, grants, and other revenue sources.
- Asking the voters to approve a 1% sales tax increase for specific projects for a specific period of time.

The overall project, service, and financial program utilizes all projected potential revenues plus the 1% sales tax increase to accomplish its objectives. Although the sales tax increase is proposed specifically for streets, in reality it is part and parcel with the entire overall program because, if the sales tax issue is not supported by the community, the entire overall program fails with it, and we go back to the drawing board to design a new vision for Prescott based upon one of the most limited municipal revenue bases in Arizona.

Prescott's future is really about choices and consequences. If we want a balanced, quality community, we have to pay for it. Nobody is going to give it to us and maintain it for free. If we want to try to have the lowest municipal tax structure in Arizona, we must in turn accept the consequences of that choice in terms of the role of municipal government and the quality of services. If we want to be a predominately residential, "bedroom" community in which we as residents work and conduct our business elsewhere, we must also accept the consequences of that choice in terms of what services are provided and how they are paid for. Tourism as a "clean" industry has its consequences in terms of traffic, types of jobs created, etc. We must either accept and deal with the consequences or forego the benefits. A vision of Prescott as a low-tax, low-debt, high-service, high=quality, predominately low-density exclusive residential retirement community supported by tourism dollars without any tourism impacts and maintaining slow growth without impact from surrounding rapid growth is not a choice but an unrealistic pipedream.

Some facts:

- The City of Prescott's primary and secondary property tax rates will decline from $1.4251 per $100 assessed valuation in FY 93 to about $.71 per $100 assessed valuation in FY 97, i.e., the rate will be reduced in half, and the City's combined primary and secondary property tax rate will be less than half the secondary fire district property tax rate paid in Prescott Valley, Chino Valley, and unincorporated Yavapai County.

- Prescott homeowners with a $150,000 home pay $75 or less in annual primary property taxes to the City of Prescott towards the costs of police, fire, parks, library, and other basic services. Owners of a $150,000 home in Prescott Valley, Chino Valley, or nearby unincorporated Yavapai County pay $200 or more in annual property taxes just for fire services.

- By 1997, Prescott's municipal primary and secondary property tax rate will be less than half the Arizona state average.

- Prescott's current local sales tax is 1%; Prescott Valley's is 2%; Chino Valley's is 2%. As of December 1993, the average City sales tax rate in Arizona was 1.7%.

- The City's debt principal is on schedule to decline from $29,315,000 in FY 1993 to $15,325,000 in FY 1999. At that time Prescott's municipal debt per capita will be among the lowest in Arizona.

At current trendlines, by the end of this decade the City of Prescott's municipal property tax rates (inclusive of fire district rates), sales tax rate, and debt per capita will all be among the lowest in Arizona, yet we as a community seem to expect municipal services, infrastructure, traffic conditions, recreation and open space opportunities, growth management and planning and quality of life to be among the best. This "tale of two cities" needs a resolution, a choice, a planned direction. We as a community have to decide.As has been mentioned earlier, the entire plan recommended by the Strategic Planning Committee is predicated on the continued strength and viability of Prescott's taxable sales economy. This "live and die" off sales tax scenario has a downside: if our sales tax base growth slows down due to our inability to compete in the regional economy, then the fundamental assumptions for funding this strategic plan collapse.

In conjunction with specific priority objectives and implementation strategies, the plan also incorporates numerous recommendations for enhancing marginal revenues: user fee adjustments, impact fee revisions, enhanced volunteerism, expanded regional cooperation and specific projects targeted for funding from the General Fund Reserve. Many aspects of the overall plan are achievable within current and projected resources, given certain assumptions: that revenues from the existing 1% sales tax will increase 5.5% to 7% annually; that various fee proposals will be implemented; that the golf course and airport self-sufficiency plans are met; and that cost containment strategies are continued and enhanced.

However, implementation of the essential street maintenance, reconstruction and new street construction projects recommended will require significant new revenues. The gap between projected revenues and the cost of the overall recommended program over the next five years is estimated at about $25 million, depending upon final cost estimates and the degree of success of the many alternative revenue source and cost containment measures proposed herein, and depending upon the performance of the existing 1% sales tax.

After much discussion of alternative methods of securing major additional revenues, the Committee is recommending that a 1% additional sales tax initiative be presented to the voters, presumably in

the Spring of 1995. One scenario for this tax is .75% for four years to fund Willow Creek Road from 4 points to Green/Pulliam, the completion of the Rosser/Delano connection and the planned Highway 69 - Highway 89 connector; until a better cost estimate is obtained for the Highway 69/89 connector, it is not known for sure whether .75% for four years will be sufficient. The other component of this scenario is .25% for 10 years for street maintenance and street reconstruction projects.

Another scenario would be a 1% tax for five years, allocated to the proposed street maintenance and reconstruction programs, the Rosser/Delano connection, the Highway 69 - Highway 89 connector, Willow Creek Road from 4 points to Green/Pulliam and Willow Creek Road from Willow Lake Road to Commerce (inclusive of the bridge), with any remaining funds allocated to right-of-way and planning/engineering for future major streets projects.

The Committee did not settle on one final sales tax scenario. We want to emphasize to the City Council and the community that we believe the proposed street projects as part of the overall balanced program are essential, that we believe a 1% sales tax increase is the most equitable and effective means to accomplish the program, and that the final decision as to what to place on the ballot should not be made without opportunity for further community discussion and before additional preliminary engineering and cost estimating is completed.

The Committee also gave considerable thought to a board and booze tax as a financing mechanism for implementation of major components of this strategic plan. The Committee concluded that further consideration and/ or implementation of a board and booze tax could be deferred for up to two years pending the outcome of the sales tax initiative and an evaluation of how closely actual sales tax revenues experience is meeting projected and anticipated levels. If sales tax revenues do not come in at the 5.5% to 7% growth rate hoped for (e.g. the regional competition has a negative impact), then the committee recommends consideration of a board and booze tax.

If the sales tax initiative proposed herein fails, then the overall all program recommended by the Strategic Planning Committee would need to be revisited and the funding plan reduced by some $25 million dollars. Such reductions would require substantial and significant reductions in both capital projects and provision of basic services. If these reductions become necessary, the Committee does not advocate diverting resources from existing general fund priorities to fund the capital infrastructure projects suggested in this plan, and would instead suggest exploration of other means of financing these projects.

Reflective of the general community's desire to hold down taxes and limit debt as much as possible in financing City services and responsibilities, the Committee recommended that all conceivable alternative and additional revenue sources be explored. The ideas that surfaced from these discussions are outlined below.

Additional Revenue Sources

Before considering any significant new general tax increase, the committee recommends the City Council pursue a number of new or increased fee or tax adjustments. Although none of these ideas in and of themselves may generate significant revenues, in comparison to the gap, implementation of a number of them will be important steps towards expanding or diversifying the City's revenue base, improving user pay systems, and shoring up funding availability for existing, basic services. Among new revenue ideas suggested for consideration are:

1. An expanded development impact fee system.

- The current water and sewer buy-in fees should be adjusted as feasible to insure new development pays its fair share of expanding water and sewer system capacity to service new development.

- The current neighborhood park development fee should be restructured into a park, recreation and library impact fee to insure new development pays its fair share of expanding park, recreation, and library facility capacity to maintain service levels to a growing population.

- The current off-site improvement code for arterial streets needs to be replaced and/or restructured and supplemented with a true street impact fee system which generates funds to assist with expanding capacity of existing streets or new streets to service the proportionate share of increased traffic attributable to new development.

- A public safety impact fee should be considered for expanding and equipping existing fire stations to service increased demand attributable to growth, creating police substations within expanded fire stations, and addressing parking issues at the main police station as growth contributes to increased personnel and vehicles.

- A municipal services impact fee should be considered to insure new development pays its fair share of any need to expand general municipal facilities to service increased demand attributable to growth.

2. Development Agreements

- The City should continue to use development agreements as a tool to obtain developer commitments above and beyond fee and regulatory requirements consistent with adopted plans.

- Development agreements should also be used to negotiate City participation in attracting targeted businesses as part of an economic development strategy to enhance long-term revenues and create quality jobs.

3. Recreation Fees

- Surveys indicate Prescott's recreation fees are among the lowest in the state while our recreation usage is among the state's highest. Recreation fees, particularly for team sport activities, need to be more commensurate with the cost of those activities. The committee finds that a true cost allocation analysis would indicate that many recreation fees could be increased 20-30% and still be below the state average.

- Example:

Current Softball Fee	$200.00
Increase of 30%	60.00
New Fee	260.00
State Average of Similar Size Cities	272.00
Current Number of Teams	240.00
Additional Resources	$14,400/Yr

- Such additional fee revenue could assist with the increased investments in personnel, materials, and supplies necessary to maintain service levels.

4. Emergency Medical Call Fee

- The City's Fire Department currently provides both basic life support and advanced life support emergency medical services, performing all emergency medical services except actual patient transport without charging any type of user fee. Ambulance service charges assessed the patient all go to the private ambulance company with whom the City works in partnership to provide emergency medical services.

- In FY 1993, the City responded to 1,811 emergency medical calls, of which 606 were Advanced Life Support calls and 1,205 were Basic Life Support calls. Data through April 1994 indicate a comparable level of emergency medical call activity in FY94 as in FY93 despite the fact that Fire Station #2 is now manned by the Central Yavapai Fire District.

- A City of Prescott emergency medical call fee could generate user revenues to help offset additional training, vehicle, equipment, and supply costs incurred by the City in providing emergency medical services.

- One option would be to negotiate an arrangement with the private ambulance company for a revenue-sharing system with regard to the existing private ambulance company fees in return for assurances from the City that the City will continue to make available ALS support services which helps contain the private ambulance company's costs. Another option is for the City to impose an emergency medical call fee as a surcharge to the private ambulance bill collected by the private ambulance company and remitted to the City. These options are currently under negotiation. $50 per call on 1,800 calls would generate $90,000 per year, enough to cover the City's annual direct emergency medical costs plus establishing a sinking fund for vehicle and equipment costs.

5. Street Light Utility Fee

- The City currently absorbs all costs associated with maintaining the public street light system from HURF funds.

- It can be argued that everyone in the community benefits from the availability of the street lighting system. Even if a street light is not located on your block or if you live in a private subdivision, you benefit from the street lights along arterial and collector streets, in the downtown area, etc.

- A $1.00 per month street light utility fee added to each City utility bill would generate approximately $100,000 per year. These revenues would help ensure the availability of the community street lighting system and in turn free up $100,000 per year in HURF funds for street improvement, maintenance, and support services activities.

6. Donations

- Gifts and donations are already important to the City's ability to provide services. The J.S. Acker bequest has been a critical component to the existing parks system. Without the Friends of the Library's generosity, the public library would not be what it is today. Pioneer Park Phase I will exist largely due to donations of labor, materials, and money. Donations assist with a number of smaller City projects as well, and without donations there would not be a Lloyd Roe Adult Center.

- A component to the City's overall expanded commitment to volunteerism should include an active donation program. A volunteer committee, an effective, ongoing public information and marketing program, a City "gift book," a Friends of the Parks committee, and other ideas should be aggressively pursued.

7. Annual Business License Fee

- The City of Prescott is one of the few cities in Arizona without an annual business license program and the only one of the tri-cities without such a program.

- An annual business license program could provide an additional regulatory compliance tool (e.g., standards to be met in order to obtain the license), an expanded business database, information of assistance in the provision of emergency services, a communication tool with the business community, and a revenue source to pay for the program and supplement economic development activities.

- There are an estimated 3,400 businesses for which an annual Prescott business license program may be applicable. At an average annual license fee of $25.00, about $85,000 per year would be generated. These funds would cover administrative costs and provide funds to augment the City's current $200,000 per year General Fund allocation to economic development projects.

8. Utility Bill "Round Up" Option

- A number of private companies offer this program which allows customers to voluntarily "round up" their payments to help fund a particular project.

- In the City's case, this round up option could be made available to all utility customers. For example, a customer with a $51.24 monthly bill could voluntarily round up the payment to $52.00. The additional $.76 would be set aside in a specific account for a specific purpose. This purpose could be for the DARE program, to preserve a geographic feature, for public transit, for a "quality of life" fund, or whatever the City Council might decide.

- If 5,000 people rounded up $5.00 per year, this would generate $25,000 per year.

9. Elimination of Sales Tax Land Deduction

- The model sales tax code for cities allows cities the choice of whether to apply their local sales tax to the value of the land. Prescott is one of only a few Arizona cities which has opted not to apply the sales tax to land.

- Currently, when a developer subdivides a new area, the developer generally is not subject to sales tax on this income. Also, when a developer sells a lot to a contractor who builds a spec house for resale, the cost of the land to the contractor is a deduction before the 35% labor deduction. In other words, if a contractor buys a lot for $40,000 and sells the lot and the completed home for $200,000, the contractor first takes a land deduction of $40,000 and then the 35% labor deduction, leaving a sales taxable price of $104,000, paying $1,040 sales tax to the City. Without the land deduction, the taxable price would be $144,000, requiring a sales tax of $1,440, or an additional $400. This is somewhat oversimplified, but a conservative estimate of additional annual revenue at current levels of building activity would be about $90,000.

- An advantage of eliminating this deduction is that the land sales tax would be similar to an impact fee, only affecting new development. The revenue obtained could be used to help offset service delivery cost increases created by new development, although the revenue would decline when new development declines.

10. City of Prescott Charge Card

- Many not-for-profit organizations across the country and within Arizona have established relationships with banks for an affiliation with the bank on a Visa, Master, or other credit card. Apparently a city in New Jersey has also done this. Our City Attorney thinks this idea may be viable.

- To cite one example of how this works, according to promotional literature, the National Audobon Society has a charge card affiliation with MBNA America which issues the Visa cards. MBNA makes a contribution to the Audubon Society each time an Audubon Visa card is issued or used. When an account is opened, Audubon receives $1.00. When an account is renewed, Audubon receives $3.00-5.00. With each purchase made with the card, 1/2 of 1% is contributed to Audubon. Audubon indicates it has earned over $460,000 through the program.

- If the City of Prescott could establish an affiliation with a bank for a charge card, the opportunities and advantages are numerous. The City could designate specific project(s) for which the revenue would be earmarked, presumably specific capital projects for which funds could be accumulated. From a marketing standpoint, the point could be made that, by using the City of Prescott charge card, a percentage of purchases with the card would be returned to benefit Prescott regardless of where the purchase was actually made, so if Prescott residents found it necessary to shop in Phoenix, they could still support projects in Prescott by using the charge card.

11. Sale of Lottery Tickets

- Some municipalities (not in Arizona) have become authorized to sell lottery tickets. Apparently the lottery ticket agent receives a commission on tickets sold and on winning tickets sold. The City Attorney advises that, if there is interest in this idea, he would need to check State lottery rules and regulations.

12. Proposed 1/2% County Sales Tax

- Yavapai County is currently considering establishing a 1/2% countywide sales tax, most of which would be used for road projects. County officials have been quoted as expressing a willingness to enter into partnerships with cities and towns regarding the use of these funds.

- Given that Prescott is still the largest service of sales tax dollars within Yavapai County, the City Council should work aggressively with Yavapai County to insure some of these funds are invested in Prescott road projects.

13. Community Facilities Districts and Improvement Districts

- Potential exists to more fully and effectively utilize these private financing tools. For example, a Community Facilities District might be the appropriate vehicle for a major downtown project such as a parking garage. The City needs to develop expertise in these areas and advocate the use of Community Facilities Districts or Improvement Districts wherever feasible, in some cases inclusive of public financial participation where appropriate.

CONCLUSION:

Beyond the year 2000

Effective planning is a dynamic process. As the community proceeds through the years 1995 to 2000, modifications to this plan will be necessary as changing circumstances dictate. If for example, the sales tax revenue projections don't pan out as anticipated, alternative revenue sources, such as a board and booze tax must be considered to keep the overall plan on track. Similarly, If we want to frame an agenda for the next five years beyond the year 2000, we need to continue proactive planning on those core projects and programs which need to come "on line" after the year 2000. This is an area where the 2020 Forum efforts are of great assistance, and we should utilize the 2020 process to frame future needs, projects and plans within the context of the overall 2020 Vision. Providing leadership for this process is the responsibility of the entire community.

The Immediate Challenge:

The citizens of Prescott and their government are at a critical point in a history that must be seen as jointly shared. Elected officials, city staff, and residents have real cause to apply their collective abilities to maintain the kind of community that we all hold dear. Problems must be approached in a spirit of cooperation and a sense of joint ownership. Prescott's most pressing challenges must be met, and can be met, with proactive, informed decision making. This Strategic Plan represents a balanced program which addresses the major need areas for the Community over the next five years. It is a no frills, "stick to basics" plan which nevertheless maintains Prescott's proud spirit of independence, while recognizing the increasing interdependence within Prescott and among the communities of the tri-city area. Prescott is at the crossroads, and the Community, as a whole, needs to decide which path to take. The Plan outlined in this document represents the cumulative and collective suggestions of the Strategic Planning Committee as to the path recommended.