

PRESCOTT, ARIZONA  
SPECIAL COUNCIL MEETING  
(AS REGIONAL COUNCIL OF  
LOCAL GOVERNMENTS)  
JANUARY 30, 2007

A SPECIAL COUNCIL MEETING OF THE PRESCOTT CITY COUNCIL, IN THEIR ROLE AS MEMBERS OF THE REGIONAL COUNCIL OF LOCAL GOVERNMENTS, WAS HELD ON TUESDAY, JANUARY 30, 2007, at the Manzanita Grille at Antelope Hills Golf Court, 1 Perkins Drive, Prescott, Arizona.

CALL TO ORDER

Dinner was served at 6:00 p.m. and Mayor Simmons called the meeting to order at 6:45 p.m.

ROLL CALL

PRESENT:

Mayor Simmons  
Councilman Bell  
Councilman Blair  
Councilman Lamerson  
Councilman Luzius  
Councilman Roecker  
Councilwoman Suttles

ABSENT:

None

YAVAPAI COUNTY: Board Chairman Chip Davis; Supervisors Carol Springer and Thomas Thurman.

CHINO VALLEY: Mayor Karen Fann; Councilmembers Jim Bunker, Ronald Minnich, Virginia Reid, Dorothy Schmidt.

DEWEY-HUMBOLDT: Councilmember Len Marinaccio.

PRESCOTT VALLEY: Mayor Harvey Skoog; Vice Mayor Mike Flannery; Councilmembers Lora Lee Nye, Fran Schmacher, Harold Wise, Mary Baker.

1. Continued discussion of the Verde River Basin Partnership.

Councilmember Roecker started the discussion, stating that he was pleased that Senator McCain has requested money for the Middle and Lower Verde regions, and he hopes it will help those in the Verde Valley address their water budget.

He said that people on this side of the mountain want to preserve the River as much as anyone else.

Councilman Lamerson said that it seems like there is no reason for a big squabble. He said that it doesn't make sense to him to have someone different than the elected officials deciding how, where and when to spend money to address the issue. He added that the elected officials and others are all on the same team; they don't represent their own opinions. He doesn't see why they can't get together to discuss all of the issues.

Councilmember Roecker said that he thinks most would agree that it is not the scientific studies, but rather the structure of the Partnership, that has been a problem.

Councilman Luzius said that he has always maintained that they and others on this side of the mountain should join in with the Verde River Basin Partnership and he still says that. He said that there is nothing that would hurt them by being in the Partnership; they need to stop bickering and get on with it.

Chino Valley Councilmember Jim Bunker said that he believes the Verde River people are going down the wrong road. Rather than asking how they can stop the use of water, they should be asking how they can get more water. He said that he has been told that one-half of one percent of what falls ends up in groundwater. He said that the housing prices continue to increase and that forces the young people out of the area. They need to figure out how to get more water.

Councilmember Suttles said that every one of the communities was represented this evening. She said that they have to decide how they are going to handle this; they need to stay together.

Chino Valley Mayor Fann said that, speaking as the Mayor and a long-time resident, there is a lack of trust on all parts. She said that those on the west side of the mountain believe that that the underlying message is "stop growth." Those on the Verde side probably think those on the west side are trying to import for more and more growth. She said that they are all concerned about the River and they all need to get on the same page. She said that for the next few months the Verde River Basin Partnership is going to move forward; they are starting to undergo some studies. She said that the Upper Verde River Water Protection Coalition will start their process as well, and as they are both gathering scientific data, that will build the trust. She said that if they both move forward, maybe by the end of the year the trust will be built; perhaps then they can come together.

Councilman Blair said that he doesn't think there is anyone on the Prescott City Council that wants to damage the flow of the Verde River. The Council spent

money getting a consultant on board to have the previous studies digested and put into layman's terms, and then they can move forward. He said that he takes strong exception to someone that says they haven't done anything.

Councilmember Roecker said that he believed that the comments heard tonight were optimistic; they should continue to work to a common goal and move forward.

2. Discussion of resolution regarding exempt wells/water quality.

Mr. Norwood said that late last year the Prescott City Council adopted resolutions on these issues and they were getting some play down in the capitol. He said that John Munderloh has been very active in them and he asked him to give a report.

Mr. Munderloh said that he was appointed to chair a subcommittee of the Statewide Water Advisory Group (SWAG), and they have been working on some ideas on how to address the issue of exempt wells.

Mr. Munderloh said that those people within an AMA or subdivision have to show an assured water supply, but those outside do not. He said that there are people drilling wells and there is no information showing that impact. He said that they have identified five groundwater basins throughout the State: Upper San Pedro, Verde River Basin (outside the Prescott AMA), Maricopa County Area, Santa Cruz Area and the Sulfur Springs Valley.

He said that they are going to ask that the new well owners put a meter on their well for one year. There are 100,000 private wells in the state and they don't have any information on them. He said that information from these meters would be reported to an independent third party and that information would then go into the data base.

Councilmember Lamerson said that he was instrumental in drafting the resolutions and it was not his intent to trounce on people's private property rights. The State Legislature has designed laws that pit citizen against citizen and it needs to be fixed. He said that it makes no sense that one group has to achieve safe yield while the State of Arizona issues free reign to another group. He said that was one of the reasons why he helped draft the resolutions.

State Representative Andy Tobin then reported to the attendees on several issues. He said that since the Chairman of the Water Committee was from their area, but was not present tonight, he didn't want to step on toes, but he did want to state that one of his fears is that if he doesn't have his district together on water policy, it is difficult to tell those that don't have any idea what an exempt well is about the problems being faced.

Representative Tobin said that the House alone already has over 600 bills being considered; they are setting a record, and there are still more to come. He said that he is most concerned about what he might miss. He said that he would like to see the two groups come together and soon. He understands the position of elected officials, and there is a place for those that are not elected officials--that is in an advisory role.

Representative Tobin then briefly reported on other issues being addressed in the Legislature, such as: Illegal Immigration – the business community is perpetuating this issue by hiring illegal immigrants. Transportation – there are funds possibly available for short-term fixes, but they will be back year after year; they need to develop a long-term fix for the transportation issue. Taxes – there will be some tax cuts in corporate taxes, but he will not sign on to an income tax that will hurt the cities and towns. Education – He said that 70% of the state budget addresses education. He said that much is what rolls through but from the numbers he has seen their teachers need to get raises. He said that school facilities are getting behind and they don't have any long-term solutions. He said that the Governor has asked for \$34,000 a year for teachers and he hopes they can get close to that. Health Care costs – The Governor is wrong in her thinking on health care.

Representative Tobin continued that representatives from Chino Valley had been down to Phoenix earlier in the day. He said that their communities do work well together and the Board of Supervisors is getting together. He said that they were able to get something worked out for the short-term regarding the Wilhoit Water situation.

Representative Tobin said that he is the rookie in the Legislature and he needs to know where communities stand on the bills. He said that he represents everyone on both sides of the mountain and they need to come together on the water issue.

Prescott Valley Councilmember Lora Lee Nye suggested that the communities begin referring to the area on the east side of the mountain as East Yavapai County rather than east of the "mountain." She said that it could help change how they approach these issues by simple terminology.

Representative Tobin said that they have lost more rural legislators and if they are not working together they will have less strength.

Councilman Blair said that the State has been so prosperous and yet they are behind in many areas; he asked why that happens. Representative Tobin said that the Legislature can only control a small amount, and they try to protect their tax base. He said that he would like the urban areas to allow them to have the infrastructure to build the communities in rural Arizona and add more to the tax

base. He said that he thinks it is good that they have been able to cut taxes, but on the other hand, they come up short.

Councilman Lamerson said that they have the issues of safe yield and exempt wells, and various things related to water. He said that he is comfortable knowing that their representatives are carrying the message to the State for what they need to do up here. He said that they are not going to be treated differently than others in the state.

3. Discussion of area annexations.

Mr. Norwood said that a few weeks ago the Prescott City Council met in a planning retreat and identified priorities—the first of which was some targeted annexations. He said that these are a revenue source, but it also relates to exempt wells. He said that they are looking at targeted annexations in the area of the Airport and North Prescott. He said that to further establish what they see as good planning, they wanted to revisit the boundary agreements. He said that there is an agreement with Prescott Valley, and there had been one with Chino Valley, but that had been rescinded a year ago.

Mr. Norwood said that there is some school of thought that these are not enforceable, that they are “gentlemen’s agreements.” He said that the City of Prescott would like to open this up, to readdress this agreement with Chino Valley and Prescott Valley—where the boundaries meet and not have it tied in with issues like water. He said that he will be meeting with the city managers from the other communities.

4. Discussion of boundary agreements among area municipalities.

Discussed above.

5. Discussion of interest level in creating regional job order contracting services.

Mr. Norwood asked Engineering Services Director, Mark Nietupski, to review the concept of job order contracting.

Mr. Nietupski said that many communities have been working with the Construction Manager at Risk process, but Job Order Contracting is a rather new concept. He said that the City of Prescott has currently been working with Mohave Educational Cooperative on some jobs, but there has been some discussion about the benefit of possibly forming a regional co-op.

Mr. Nietupski said that JOC is an alternative method for smaller jobs, up to \$1 million. He said that it usually is some type of reconstruction, rehabilitation, minor construction; it is not major projects with extensive design. He said that

the benefit is that it expedites the process and allows jobs to move forward quickly, rather than having to go through the bid process.

Mr. Norwood asked how Mohave Educational Cooperative got selected. Mr. Nietupski said that they've been around since the 1980's. They started to benefit school districts, and they cover a broad range of services. He said that they have grown over the years. He added that they are a non-profit organization, and they get 1% of the price for administrative oversight. He said that they have two master contracts, with Centennial Contractors and 3DI, and they have a unit cost book with unit prices that is used to price out a project, and then there is a coefficient of .83% that is paid to Mohave Educational Cooperative and applied to the unit price.

Councilmember Blair asked who would guide the process if a local cooperative was established. He said that he hates to see the City's money going somewhere else. Mr. Nietupski said that they would need to identify the goals of the area. He said that he doesn't know that they would have to form an LLC; he believes any city could do their own program through IGA's.

Supervisor Thurman asked why the State doesn't use the process if it is so good. Mr. Nietupski said that he can't speak for the State but he does know that many of the municipalities in the Valley area, Chandler, Glendale, Maricopa County have used the process. He said that it is more popular for the smaller projects.

Matt Capalby, with the Arizona Department of Environmental Quality, addressed the attendees, noting that he used to work for Mohave Educational Cooperative. He said that it originated as a purchasing cooperative for the smaller school districts in Mohave County that were having difficulty going out for contracts and bids. He said that the school districts in Mohave County consolidated and they were so successful and were doing a better job than state procurement, that Mohave County and other school districts asked if they could join. He said that there are a number of state agencies that use Mohave Educational Cooperative. It serves the entire state of Arizona, mostly school districts, but it does serve municipalities and fire districts, and they get quite a deal. He said that the one percent goes to contract administration and staff. They now have offices in Phoenix, Tucson and he believed in Show Low.

Councilmember Blair said that he believed it was a good idea, but he preferred to keep the money in Yavapai County. Mr. Capalby said that there are other areas where they have done the process themselves.

Mayor Simmons asked if there was any interest from the other communities to study the possibility of a local cooperative. Chino Valley representatives said they were interested in looking into it.

Prescott Valley City Manager Larry Tarkowski said that it would make sense to look into it, although he didn't know that they needed to form another entity. He said that Prescott Valley has used Mohave Educational on a few projects. The consensus was that further investigation should be made.

Councilmember Bell asked Mr. Capalby if he worked for Mohave Educational when the State audited them. Mr. Capalby said that he worked for them after that occurred, and it involved one individual who no longer works there. Councilmember Bell said that if it is done, it has to be done very carefully. Mr. Capalby said that there was a very long audit and they were vindicated in the end. He said that they are very non-bureaucratic and have a highly-developed computer system that allows them to get the work done with 30 people, when it would normally take 70-100 employees.

Councilmember Suttles asked Mr. Capalby what was going to happen to the private water company in Chino Valley. Mr. Capalby said that the issue has escalated to a legal matter, but he can say that they are being cooperative. He thanked the Town of Chino Valley and he said they are making progress, but it will be a long process. He said that the water company is working closely with the Arizona Corporation Commission on how they operate their business.

Councilmember Blair said that he was glad that the City was able to help, but they do have a water policy that addresses water to property outside the City limits, and he asked how long the process would take. Mr. Capalby said that is the same question they have put to the ACC and to the water company. He said that this is a stop gap method. He said that there was a meeting on Monday where they also discussed the status. He said that they have made this issue a priority in their office (ADEQ). He said that they wouldn't want to put Prescott in a position of being shorted.

Mayor Simmons said that there were two other Mayors in attendance, and he asked them to respond to discussions held this evening. Prescott Valley Mayor Harvey Skoog said that it was encouraging to see everyone at the meeting and he appreciated Prescott putting it together. He said that the issue of the Verde River Basin Partnership may have gotten off to a wrong start with the threat of a law suit and the group organized with special interest groups. He said that everyone needs to remember that they, as elected officials, are stewards of the tax dollars and they are the ones that are accountable to the public. He said that the elected officials should have more say and have the special interests groups serve as advisors. He said that it has been a good meeting.

Chino Valley Mayor Fann said, as she had mentioned earlier, that she thinks it will just take a little time to get together regarding the Verde River. She said that they do need to talk about conservation, but if they go the way of limiting exempt wells, and taxing those wells, they will have to have those conversations. She said that with regard to

annexation, she does think that the property owners will have some say about where they want to annex. She said that they need input from the property owners as to their intentions. She said the name of the game is water; if they want to develop anything other than exempt wells, they need assured water supply credits. She said that it depends on who can provide the water.

Mayor Fann continued that they need to continuing working on the arsenic issue. With regard to the Wilhoit water, they are working with ADEQ and the ACC on ways to resolve this.

Representative Tobin said that there are a lot of administrative issues regarding the Wilhoit water. He said that the ACC has 400-500 public water companies and another 2000 private ones. He said that Chino Valley has some decisions to make and he wants to make sure that the next time they are more prepared, as there probably won't be a fire plug nearby. He said that he was pleased to see all of the groups get together to address the problem.

Yavapai County Board Chairman Chip Davis said that he appreciated the great feast provided by the City of Prescott, and he was very encouraged with the hospitality. He said that he appreciated the attention given to East Yavapai County and he said there are a lot of things they can do on a county-wide basis. He said that they have to work together to solve their problems.

Mayor Simmons dittoed all that had been said. Everyone thanked the City of Prescott for its hospitality; the Special Council Meeting of the Prescott City Council adjourned at 8:02 p.m.

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ROWLE P. SIMMONS, Mayor

ATTEST:

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ELIZABETH A. BURKE, City Clerk