

PRESCOTT WATER ISSUES
COMMITTEE MEETING
TUESDAY, APRIL 30, 2013
PRESCOTT, ARIZONA

MINUTES OF THE MEETING OF THE PRESCOTT WATER ISSUES COMMITTEE held on Tuesday, April 30, 2013 in the PRESCOTT CITY HALL DOWNSTAIRS CONFERENCE ROOM located at 201 SOUTH CORTEZ STREET, Prescott, Arizona.

A. Call to Order.

Chairman Lamerson called the meeting to order at 10:30 A.M.

B. Roll Call.

COUNCIL WATER ISSUES COMMITTEE MEMBERS:

Chairman Jim Lamerson
Member Steve Blair
Member Charlie Arnold

C. The Alternative Water Portfolio - resource availability and management policy

Leslie Graser, Water Resource Specialist, gave an overview of the Alternative Water Portfolio and some terminology involved.

She said the current total volume of water available for the City to allocate to new development or other demand is 4,640.26 acre-feet/year. This is from the remaining 1999 and 2005 Decision and Order. She noted that this amount includes the Big Chino, which has not been plumbed.

Councilman Lamerson asked how much water the City of Prescott has if the pipeline is not built. Ms. Graser said the City has 1,175.76. She then broke down the analysis of the 1999 and 2005 Decision and Orders and the water budgeted or reserved by Council. The approximate remaining volume from the 1999 and 2005 Decision and Orders, less the total committed and contracted is 437.78 acre feet.

Ms. Graser noted that in the current Decision and Order, the only bump the City saw in 2009 is related to the treated effluent supply, which is 1,471.98. The City has not had a discussion as to how to budget that water, so it is not in contract. She noted that there are two reservations against that water; one for vacant State Lands in City Limits and the second increment for the Deep Well. The remaining volume from the 2009 Decision and Order (treated effluent only), less the total committed and contracted is 737.98.

Craig McConnell, City Manager, reminded them that they are only talking about alternative water, not the grandfathered groundwater, in all of the developable plats. He said that some of the water Ms. Graser mentioned is not immediately available because the Big Chino Project is not pumping water. He noted that the City entered into a water service agreement for residential building of Granite Dells Estates, none of which has been built.

Councilman Lamerson asked if the contracts attached to water agreements have performance requirements. Mr. McConnell said they vary.

Ms. Graser said there is a wide range of residential performance agreements between three and fifteen years; some agreements are in perpetuity. She noted that most of them are not within the alternative contract because they are on the groundwater side of the portfolio..

Mr. McConnell noted that there is a policy for vacant, unwatered parcels in the event of a rezone. The Council agreed with staff two years ago, that if the property was rezoned, it did not mean that water automatically went with it. He said the water will not get locked in until there is a specific development proposal which is approved and there is performance.

Ms. Graser noted that the Council requested she look at the portfolio to figure out what has expired and determine what can be brought back into the portfolio. She noted that the renewable supply identified by the Decision and Order is subject to review and updating, due to the fact that the amount reflects projections of future treated effluent and surface water recharge which may or may not be achieved. Due to lower precipitation, the City has not been able to move the water quantities they should be moving to support the Decision and Order. She said the next date would be 2019 to do an update on a new Decision and Order. If the City did not have approval of construction for the Big Chino Project, the City should be ramping up in 2017 to modify the Decision and Order. She noted that the City should be mindful of how they budget out the remaining volumes.

Ms. Graser also noted that a lot of growth was expected and the current effluent supplies are not what they based the 2009 Decision and Order.

Mr. McConnell said there needs to be a focus on performance.

D. Granite Dells Estates: application for rezoning a tract from industrial to residential; existing water service agreement and request for a new water allocation

This item was moved to the end of the agenda. Councilman Arnold recused himself for potential conflict of interest and left the room at 11:46 A.M.

Leslie Graser, Water Resources Specialist, presented. She noted that there is an existing Water Resources Agreement and a request for a new water allocation. The agreement was executed in 2007 for a total volume for 248.5 acre feet. The contract remains in effect until 2022. The request is to rezone 72 acres that would be 600 additional residential units, needing 210 acre feet of water.

City Manager McConnell said it would appear that if rezoned, the water service agreement would have to be amended.

Councilman Lamerson said they should have that discussion after Granite Dells Estates went through rezoning.

Mr. McConnell said the application for rezoning will go through the system. He wanted to make Council aware that this would consume one year of water which has been made available through the water budget.

Councilman Lamerson is concerned that an increase in residential units may necessitate construction of the Big Chino Project. He asked where the money would come from for that project.

Mr. McConnell said Mr. Jason Gisi is here for discussion of the project and added that an agreement could be made, similar to Deep Well Ranch, which had a third increment to their agreement that was based on the build out of the Big Chino.

Councilman Lamerson asked if the City would revisit impact fees for these projects. Mr. McConnell said they could grant an entitlement based on the development of the Big Chino pipeline, which may or may not happen.

He said this item is to make Council aware of some of the projects that may come before them and the water that would be requested. He noted that Mr. Gisi submitted an application for 600 additional units that will end up on an agenda of the City Council.

Mr. Gisi said the Federal Aviation Administration changed the dimensions for the buffer zone around the airport. They now have the opportunity to build single family houses closer to the buffer zone. He said there is an overabundance of industrially zoned property around the airport. He intended to develop the lots in 2014.

Mr. McConnell said the Big Chino project may not be required for the 600 additional units. He said they had to manage the portfolio and not tie up the water without performance requirements. He noted that an agreement could be structured where, as they use their 248.5 acre feet they currently have, the City can replenish that, based on performance.

E. Yavapai Regional Medical Center Pre-Development Agreement: request for a new water allocation

Craig McConnell, City Manager said this item contemplated a predevelopment agreement with Yavapai Regional Medical Center (YRMC), which will involve a request for an allocation of alternative water. He noted that Ms. Graser said that allocation is what the state gives to the City in terms of alternative water. But, the City also uses the term to mean an allocation of water from the City to a property owner for the purpose of development.

Mr. McConnell said that in order for the YRMC campus to become a reality, Council will look at an amendment to a pre annexation agreement with Deep Well Ranch (DWR) to add the north airport area to the west airport area and a predevelopment agreement between the City and YRMC.

He said considerable master planning and modeling has been done for the North Airport Annexation Area. A build-out quantity of water has been established of 127 acre feet for the intensities of land uses by YRMC for the north campus. He noted that DWR owes the City a credit of 58 acre feet against the blocks of water we gave them. DWR is coming to the table with 29 acre feet, which reduces the net allocation of YRMC to 98 acre feet.

Mr. McConnell said Tim Barnett, Chief Executive Officer and John Amos, East Chief Operating Officer are here for questions. Mr. McConnell said YRMC is proposing to create major medical center and employment center to provide additional health care resources. They anticipate the agreement to come to Council during May 2013.

Councilman Blair asked when YRMC would begin building. Mr. McConnell said it would be at least five years.

There was a discussion about the allocation of water, in segments, and the roadwork being done by Arizona Department of Transportation. Mr. McConnell noted that the planned roundabout which will serve the entrance to the YRMC project is already planned.

- E. Senator Heights Subdivision: request for renewal of expired water contracts 2004-211A, 2004-213A, 2004-214A and 2004-215A

Leslie Graser, Water Resource Specialist, noted that in 2004 water service agreements were requested for five parcels outside City limits. Contracts were executed for each lot under the authorization of City Code 211-4. There is a performance period of three years, at which point the water would return to the portfolio. The City was contacted in September 2007 and asked for an extension for another three years, which was done. She said the project began as five individual residential lots; one lot has been built upon. The other four lots became a subdivision and the contract expired in 2010.

Ms. Graser noted that Mr. Bud Beshers, Crystal Creek Homes, was here for comment.

Ms. Graser said there is discussion that the request did not meet current City Code 2.1.8. She noted that the City did not have sewer lines in the area of the parcels discussed. The exemptions from the provisions of the subsection of the Code were discussed.

Mr. McConnell said the contracts have expired. The request is to amend them retroactively.

Councilman Lamerson noted that there is no contract to amend. He said the City Code precluded them from serving water outside the City limits. He noted that City Code could be changed.

Mr. Podracky, Assistant City Attorney, said there are four expired contracts that are not grandfathered. He said they will need to enter into new contracts, if that is possible, given the change to the Code.

There was a discussion with the applicant about the history of the project. Mr. Beshers said they asked the City to annex the property in 2005 and it was turned down. He said it had to do with the maintenance of Haisley Road and Senator Highway. He noted the sewer system was over 1,500 feet away from the hook up to the City, with no easements. He said there are three, five acre parcels and one ten acre parcel. The original agreement said the water service agreement would be void if they divided the property up, which they have not done.

Ms. Graser said she contacted the Department of Real Estate who did not find the project under the name Senator Heights; it is under a former ownership and is no longer a valid public report. The public report and the contract were both expired when she was first contacted about the project.

Mr. Podracky said the Code is the law. He did not know if there could be a variance. He said they could go back and look at the history. Councilman Lamerson said he will defer to legal. He found it difficult to ask Council to go against City Code. He asked if there is more research that can be done.

G. Highland Pines Domestic Water Improvement District: request for annexation of property into the District (APN 100-01-034B)

Leslie Graser, Water Resource Specialist, said the City has an Intergovernmental Agreement (IGA) that dates to 1997 with the community, which is master metered. She noted that the owner of the parcel ending in 034A wants to be added into the IGA. However, parcel 034B has not been recognized as having an entitlement to water. The property owners asked the county to combine the two properties, for which they were refused. The property owners then went to the Highland Pines Board, who said they could combine the properties and add them to the district. The Board said they would combine but the properties could not be split again.

She noted that if the agreement with the Board was county legal, with the Council's approval, staff will have to make a resolution to add 034B with conditions so it could be served in the future.

Mr. McConnell said the effect from a wet water resource is nothing; 034A is already entitled to water. He said they cannot combine the parcels without the cities approval because one parcel is in a district and the other is not.

H. Touchmark at the Ranch; discussion of anticipated request for a new water allocation

Leslie Graser, Water Resources Specialist, noted that the property is adjacent to Walmart on the Highway 69 and the development is within city limits. The property currently has no water. She noted that at one time Council made reservation for vacant residentially zoned property.

City Manager McConnell said that some of the property is residentially zoned and some is not. The reservation that is made pertains only to the residentially zoned portion.

Ms. Graser said analysis was done by GIS to refigure the residential portion due to the slope factor. She said that 54 acre feet will be moved off the annual amount budgeted by Council for the development. She noted that it may be 9 acre feet over the budget.

Mr. McConnell said there could be a development agreement, in the near future, that would require a quantity of water that the City has already reserved but, a new water service agreement may be required. He noted that a performance requirement could be phased.

Councilman Lamerson said that when water is reserved for a project, it denies water to others who may be ready to build. Mr. McConnell said this is different because the City has already made a reservation for the vacant un-watered zones of the development.

I. Adjournment

There being no further business to be discussed, the Prescott Water Issues Meeting of April 30, 2013, adjourned at 12:04 P.M.

KIM WEBB, Deputy City Clerk

Jim Lamerson, Chairman