

WATER ISSUES COMMITTEE
REGULAR MEETING
TUESDAY, OCTOBER 22, 2015
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR MEETING OF COUNCIL WATER ISSUES COMMITTEE
HELD ON OCTOBER 22, 2015, in the CITY MANAGER'S CONFERENCE ROOM,
located at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

A. Call to Order

Chairman Arnold called the meeting to order at 1:30 p.m.

B. Roll Call

Present:

Absent:

Chairman Charlie Arnold
Member Steve Blair
Member Jim Lamerson

Staff present:

Craig McConnell, City Manager
Leslie Graser, Water Resources Manager
Jon Paladini, City Attorney
Kim Webb, Deputy City Clerk

C. Approval of minutes of the August 18, 2015, Water Issues Committee meeting

**MEMBER LAMERSON MOVED TO APPROVE THE WATER ISSUES COMMITTEE
MINUTES OF AUGUST 18, 2015; SECONDED BY MEMBER BLAIR; PASSED
UNANIMOUSLY.**

D. Request for amendment of water service agreement, City Contract No. 2008-013,
re: Storm Ranch Middle Parcel, by property owner SLF III-AZ Storm Ranch, LLC

Leslie Graser, Water Resources Manager, showed a map identifying the location of the Storm Ranch Middle Parcel. She noted that that the representative of Storm Ranch, Chris Reed, was in attendance and that he requested a five year extension of their water service agreement.

Chairman Arnold commented that the property was inside the City limits and was annexed in 1987. Ms. Graser said they were now talking about a larger piece of property.

Mr. Reed provided a brief PowerPoint presentation. He said the current owner acquired the property in 2009 and it had been dormant since that time, due to the economic downturn. He showed a map east of Prescott Lakes Parkway and the replat that was transferred with the property. He noted that the property was currently being grazed and the owner had contributed to the roundabout a Prescott Lakes Parkway and Sundog and had acquired another property. He said the topographical difference in grade was 400 feet and they wanted to shift the land use plan around so the property would be relevant.

Member Blair said since there had been action on the property, he did not have a problem with the water service agreement extension.

Member Lamerson said he had problems with all of it. He noted that the water came out of the Alternative Water portfolio and there had been a lack of performance on the property and other people had been denied access to water in the City of Prescott because it had been in reservation for Storm Ranch. He asked what performance assurance the City would have if the agreement were to be extended.

Chairman Arnold said he shared the performance concern; however, the developer followed through on part of the development agreement and spent money on the roundabout.

Jon Paladini, City Attorney, said the current 10 year agreement, page 2 Section 2C, said the water was reserved until it was used. If they decided to extend the 5 year agreement and only 25 percent of the land was developed, the other 75 percent of the water would go back into the portfolio.

Member Lamerson asked what was right about reserving water when no development took place. Member Blair asked what he would consider to be development. Member Lamerson said the City had already held the water for the developer and asked if the infrastructure had been built.

Mr. Reed said it had not. He noted that they put over \$1 million into the project in a down market and were ready to develop. He added that they would be receptive to the addition of criteria and milestones to the agreement.

Member Lamerson said he appreciated their investment in Prescott and added that the City and its citizens were not responsible for the down market. He said the line had to be drawn somewhere.

Chairman Arnold asked if more water would be needed due to the extension of the land.

Mr. Reed said they were in the process of analyzing the development of the property. In some of their layouts, they would need more water, but he had heard from staff that they may not get any more water from the City and the developers would look to purchase extinguishment credits if needed.

Craig McConnell, City Manager, said the agreement did not contemplate changing the Master Plan for the purpose of the extension.

Member Lamerson cautioned other property owners and said there was no more water for water demands until the City made the accommodation for the indebtedness.

Chairman Arnold asked when the development would begin. Mr. Reed said it could take 12 to 24 months to get a 404 permit. He said they may wait to do the infrastructure design for three years. Chairman Arnold asked if there would be eminent design plans. Mr. Reed said yes. Chairman Arnold said Council would receive a water presentation the following Tuesday and he would like to have another meeting regarding Storm Ranch after that date.

Member Lamerson said Council had been through water presentations for seven years and his argument would remain the same.

Mr. Paladini said one of the advantages in approving the extension was to make clear when the water commitment would be made. He noted that the current development agreement did not have a specific cutoff date.

CHAIRMAN ARNOLD ASKED TO POSTPONE THE MEETING THROUGH THE FOLLOWING TUESDAY; SECONDED BY MEMBER LAMERSON;

Member Blair asked if they were talking about the extension or new water. Chairman Arnold said the agreement would be void if they asked for new water.

Mr. McConnell said any recommendation to Council would be after November 3, 2015.

Member Blair wanted to discuss trigger points in the agreement. Mr. McConnell said the City staff did a good job writing specific milestones in the water service agreement in the past few years.

MOTION PASSED UNANIMOUSLY.

E. Adjournment

There being no further business to be discussed, the Water Issues Committee meeting of October 22, 2015, adjourned at 1:57 p.m.

ATTEST:

CHARLIE ARNOLD, Chairman

KIM WEBB, Deputy City Clerk