

WATER ISSUES COMMITTEE
REGULAR MEETING
TUESDAY, OCTOBER 30, 2015
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR MEETING OF COUNCIL WATER ISSUES COMMITTEE
HELD ON OCTOBER 30, 2015, in the DOWNSTAIRS 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:

Chairman Charlie Arnold
Member Steve Blair
Member Jim Lamerson

Absent:

None

Staff present:

Craig McConnell, City Manager
Leslie Graser, Water Resources Manager
Clyde Halstead, Assistant City Attorney
Matt Podracky, Assistant City Attorney
Kim Webb, Deputy City Clerk

C. Approval of minutes of the August 22, 2015, Water Issues Committee meeting

**MEMBER BLAIR MOVED TO APPROVE THE WATER ISSUES COMMITTEE MINUTES
OF AUGUST 22, 2015; SECONDED BY MEMBER LAMERSON; PASSED
UNANIMOUSLY.**

D. Discussion re the City's water portfolio, water management policies, and the
availability of water for new development

Leslie Graser, Water Resources Manager, presented. She noted that the October 27,
2015, presentation provided an initial overview description of the portfolio and its
challenges. The City currently had elevated requests for alternative water supplies, yet a
Calendar Year 2015 allocation of 100 acre feet. The presentation also provided possible
recommendations for the Council to consider, which were:

1. Temporarily suspend accepting new applications for alternative water – would allow
time for the current application to be reviewed with the new criteria that would be

discussed. She noted that an adoption on November 10th would address the suspension and other measures.

Chairman Arnold asked if the recommendation would cover all alternative water applications. Ms. Graser said the question would be when they wanted to call the temporary suspension. She said people were still asking if they could file an application and a date needed to be set.

Chairman Arnold asked how long it would take to vet out the current list of applications. Ms. Graser said that it may take two weeks. She noted that there were approximately 14 items. Chairman Arnold asked how long the suspension would need to exist.

Craig McConnell, City Manager, said it would depend upon the criteria. It would be a question of how tight the water was. Even though the Council approved an Alternative Water Budget of 100 acre feet for calendar year 2015, it did not mean that the Council could not increase that number, if it was prudent.

There was a discussion about Tables 1 (WSA applications) and 2 (PAC projects seeking water). Mr. McConnell noted that the largest water demand was for Storm Ranch, which was 143 of 151 acre feet.

2. Prioritize allocations of remaining water by type of development

The 1999 documents reflected the understanding that water supplies were finite and decision needed to be made regarding how water should be allocated into contracts.

Ms. Graser noted that criteria were being created dependent on development types that may be in limited supply or had reached maximum presence for the size of the community. She noted that the General Plan spoke to the need for workforce housing; apartments and multi-family were in limited supply. A substantial inventory of approved but un-built subdivisions existed.

3. Apply priorities to current active applications and projects that have been presented to PAC

She suggested thinking about projects that met the General Plan, area specific plans and Open Space plans.

4. Adopt performance criteria for new water service agreements and extension requests

She noted that, in the past, the water service agreement was effective for three years. If the project was not built in that time, the water was returned to the portfolio. She said the criteria should be appropriate to the current conditions.

Mr. McConnell said it would probably consist of a list of performance criteria, the most appropriate of which would be applied to a particular project.

5. Require all new development to connect to City sewer, whether served by groundwater or alternative water (if not otherwise contractually entitled to water service)

Ms. Graser said perhaps the applicant would not be able to get a water service agreement unless he was able to connect to City sewer.

Member Blair asked when the City would do a capital project to put main lines into an area that had City water but was not connected to sewer. Mr. McConnell said when the citizens of the area agreed to pay for the connection. He noted that water and sewer were not the only criteria which pertained to taking a subdivision. It would also consist of street conditions and other improvement and maintenance costs.

6. In whole or part (___AF), shift the reservation made for residentially zoned unwatered tracts within the City limits (current balance = 585.5 AF) to the future Big Chino source; along with the current unreserved alternative water (the 314 AF remainder identified as of January 6, 2015), make said quantity (___AF) available for current active applications and projects that had been or will be presented to PAC

Chairman Arnold said he believed the City should make a change in what they were currently holding for the residentially zoned, unwatered tracts within the City limits. He said it should be the City's policy to move 40 – 50 percent of the balance into the available water portfolio and added that Council needed to create the criteria before the new water became available.

7. Evaluate the availability of alternative water already allocated to residential development (the 0.1 AR markup) for commercial and industrial development, and manage that quantity separate than water for residential to support such commercial/industrial development

Ms. Graser said it had been assumed the .35 was for single-family and .25 was for multi-family and 0.1 was being pulled aside for support services. She said it was never pulled into its own accounting column. Staff was looking at the numbers to see how far it needed to be pursued.

Chairman Arnold asked if the City was pumping more or less water out of the ground over the past few years. Ms. Graser said it was less, overall. The population had increased but the water use had gone down. Because of state law, when surface water was recharged, it had to be recovered within the next month.

Mr. McConnell noted that the .1 percent of the .25 and .35 was substantial. He said it was hundreds of acre feet of water that had been allocated, but the City had not kept track of. He said the water would be available for commercial/industrial, which, if done properly, would be about job creation.

8. Prohibit the connection to City water without well abandonment.

Ms. Graser noted that it was an old community and one that had been on wells for a long time. She noted that the wells had to be cleaned up for safety, system integrity and non-competition of supply. If the property abandoned a well for City water, one-half AF would be added to the water portfolio. She noted that in order to be a designated water provider, everything should be kept track of carefully.

Chairman Arnold said there was a particular subdivision that had water from the Assured Water Supply and a new well was being drilled on someone's property every week to water the landscape.

9. Prohibit well drilling on properties served/to be served with City water

Ms. Graser noted that there was some activity in another part of the state in 2006 that allowed for exemptions for wells.

She noted that Items 10 – 14 were continued steps that helped benefit the portfolio.

10. Adopt City Code changes, where required, to implement the foregoing actions
11. Resume accepting applications for allocation of alternative water to new development when the new guidelines, policies, and procedures, are in place

Ms. Graser suggested breaking it into chunks so the 100 AF could be looked at.

Member Lamerson said he had a hard time contemplating 100 AF knowing that the City had such a limited commodity. He said they needed to discuss the priorities of distributing water in relationship to the economy and its ability to provide the sales tax base to pay for basic services. He did not want to give away all of the water in a short amount of time because it may be needed in the future.

Ms. Graser said Council should allot 40 – 50 percent of the available water and keep some as backup. She said the City could use more water supplies from the reservoirs and added that historic agreements related to easements had cause portfolio issue. She advised Council not to think that the City would or was creating more water supply by reassessing reservations.

Member Blair asked if there was contemplation to change Deep Well Ranch, knowing that the contract was written in the 1960's and it was a reservation that could have been looked at prior to 1998.

Ms. Graser said staff was starting with the Prescott Riviera subdivision and would talk to the Arizona Department of Water Resources (ADWR) about it.

Member Lamerson said it might be prudent not to issue water service agreements for awhile until staff came up with the information the committee was looking for. Ms. Graser said she looked through f the vacant residential reservations very carefully and she felt she presented a strong number. She noted the GIS had been recompiled and staff knew which contracts were issued against the reservation. They also knew which ones were expired and had gone back into the portfolio.

Chairman Arnold said that Item 1 on her list (temporarily suspending the acceptance of new applications), made sense. He said staff needed direction on how to craft the performance criteria, which would be based on how Council prioritized the allocations.

Member Blair asked if the suspension would include the pre 1998 water agreements. Mr. McConnell said no, it was for new applications for alternative water. If someone had pre '98 water and they brought in their application with a septic tank, the City would have to decide whether or not the City had the power to make them connect or deny the application.

Chairman Arnold also supported Items 2 and 3. He said Item 4 was difficult and it would depend on what the timeframe looked like. The performance criteria would have to be in place before the water service agreement was voted on.

Member Lamerson discussed Item 2 regarding lot splits. Anytime there was consideration of splitting a lot, there was the contemplation of consumption of water that had not been contemplated to begin with. He thought that should be considered in the short term plan and said there should be no more residential lot splits for awhile.

Member Blair asked if water consumption was figured out on the number of parcels a lot could be split into or on the number of lots. Tom Guice, Community Development Director, said water was figured for the number of lots.

Chairman Arnold said there were approximately 4 lot splits on the Tables, but they were on the bottom of his priority list. He suggested shifting 200 AF, in response to Item 6. Items 7 – 14 were next steps. He said rainwater harvesting had a lot of benefits, but there were also surface water implications when there was development-wide detention.

There was a discussion about gray water. Mr. McConnell said if the City allowed for gray water plumbing to be installed, they would have eliminated most of the return flow to the wastewater treatment plant.

Ms. Graser added that state law required that subdivisions had an assured water supply. Rainwater harvesting was not recognized as that. It may be beneficial but would not help new rooftops. She noted that the Arizona Department of Environmental Quality (ADEQ) said a community could say no to gray water reuse if they were an active management area, which the City qualified for. She noted that was put in place because the state was trying to move the Prescott Area into a safe yield position.

Chairman Arnold said he was trying to make a list of recommendations that the committee was comfortable with. He said Items 1-6 were critical and they should give direction to move forward on them. Member Blair agreed.

Ms. Graser asked what the date would be to stop taking applications.

Chairman Arnold recommended that the suspension be as of the date of the last application of PAC. Member Blair said the newspaper should note that it would not affect pre 1998 water agreements or subdivisions already approved. Ms. Graser noted that if someone had their water in a reservation, like the Chino Valley Irrigation District, they could be assured their water was reserved.

Chairman Arnold said the suspension was not closing the door to water, but was allowing staff and Council time to assess water quantity in order to actively evaluate projects going forward to make the best decisions with what was left of the water. He asked if the committee was comfortable placing 200 AF in reservation. Members Blair and Lamerson agreed with the 200 AF allocation.

Member Lamerson wanted to make sure that the people who had been paying taxes on land within the City had the opportunity to obtain water when they needed it. He said the action would also put people on alert who had property within the City to make plans for their property.

There was a discussion about giving staff longer than two weeks to get the water numbers together.

Mr. McConnell said that 60 – 90 days would be reasonable. He noted that staff would normally be coming to Council annually, in January, to do the same presentations they had just done. He said they came to Council early due to the many applications staff had received. Since the water budget was usually created in January, he felt that was a good time to present the numbers to Council.

Chairman Arnold said that under the suspension, Council was saying t the City would not issue water service agreements because staff did not have the performance criteria laid out.

Ms. Graser asked if projects that were applying for less than 4 AF and were ready to go could be signed off administratively, as was the current policy. She said she was referring to 2.6 AF.

Chairman Arnold said he would be comfortable making that recommendation to Council. Member Lamerson said he would like to hear what the City was going to do about selling water for .25 cents at the EZ Street water station. Ms. Graser said staff had the topic under review.

Howard Mechanic, citizen, said, he believed, that type of water was being sold by private companies from City water supplies. He noted that companies were getting water from the City and delivering it outside the City limits. He discussed the reference to the Big Chino Water supply in the October 27th presentation, regarding the 2009 D&O envisioning the Big Chino project being online and how it had not materialized. He said it related to Proposition 400, which required that all effluent in large annexation areas over 200 AF to be permanently recharged, which meant it would not be water available for growth.

Ms. Graser said that with certain annexations (greater than or equal to 250 acres) required permanent recharge.

There was a discussion about the quantity given of 1471 AF available. Ms. Graser said the increase from the 2005 D&O to the 2009 D&O showed that there would be a 1471.98 new block of effluent.

Mr. Mechanic asked if those developers who wanted to conserve water should be given consideration. Chairman Arnold noted that would be in reference to Item 4 which would be an outcome of the discussion had in the next 60 – 90 days.

Mr. McConnell said that rewarding low water users was about rate structure, currently. It was not about how the City allocated water or what water was available. He said the City would not change the allocation to customers who were water efficient.

Mr. Mechanic said it should also be a priority consideration if someone came to the City with their own water. He noted that under state law a development could come in and the City would not have to take .35 out of its portfolio for each development. If the development could show ADWR that they would use less than what they had applied for, ADWR would take less off of the City's allotment. He noted that the City had never used that provision.

Chairman Arnold said staff needed to look at how the City came to .25 and .35 and the allocation and that alternatives existed.

E. Adjournment

There being no further business to be discussed, the Water Issues Committee meeting of October 30, 2015, adjourned at 2:42 p.m.

ATTEST:

JIM LAMERSON, Chairman

KIM WEBB, Deputy City Clerk