



AGENDA

**WATER ISSUES COMMITTEE
NOTICE OF PUBLIC MEETING
Tuesday May 10, 2016
9:00 AM**

**Prescott City Hall
Lower Level Conference Room
201 South Cortez St., Prescott, Arizona
(928) 777-1100**

The following Agenda will be considered by the Council Water Issues Committee at its meeting on **Tuesday, May 10, 2016, at 9:00 a.m.** in the Lower Level Conference Room, 201 South Cortez Street, Prescott, Arizona. One or more members of the Council may be attending this meeting through the use of a technological device.

- A. Call to Order.
- B. Roll Call.

COUNCIL WATER ISSUES COMMITTEE MEMBERS:

Chairman Jim Lamerson
Member Steve Blair
Member Steve Sischka

- C. Approval of minutes of the April 12, 2016, Water Issues Committee meeting
- D. Alternative Water Portfolio Update
- E. Prescott Lakes Effluent Sales Contract
- F. Water Service Agreements
 - 1. Embry-Riddle Aeronautical University (Resolution No. 4310-1519, Exhibit A project)
 - 2. Walden Ranch (Resolution No. 4310-1519, Exhibit A project)
- G. EZ Street Water Station

EXECUTIVE SESSION – LEGAL MATTERS

G. The Water Issues Committee will meet with the City Attorney for legal advice, discussion and consultation regarding its position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or settlement discussions. A.R.S. § 38-431.03 (A)(3)(4).

1) Water Service Agreement Request by Arizona Eco-Development, LLC

H. Adjournment

EXECUTIVE SESSION

Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

- (i) Discussion or consideration of personnel matters (A.R.S. §38-431.03(A)(1));
- (ii) Discussion or consideration of records exempt by law (A.R.S. §38-431.03(A)(2));
- (iii) Discussion or consultation for legal advice with the city’s attorneys (A.R.S. §38-431.03(A)(3));
- (iv) Discussion or consultation with the city’s attorneys regarding the city’s position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid litigation (A.R.S. §38-431.03(A)(4));
- (v) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03(A)(5));
- (vi) Discussion, consultation or consideration for negotiations by the city or its designated representatives with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city (A.R.S. §38-431.03(A)(6));
- (vii) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03(A)(7)).

Confidentiality

Arizona statute precludes any person receiving executive session information from disclosing that information except as allowed by law. A.R.S. §38-431.03(F). Each violation of this statute is subject to a civil penalty not to exceed \$500, plus court costs and attorneys’ fees. This penalty is assessed against the person who violates this statute or who knowingly aids, agrees to aid or attempts to aid another person in violating this article. The city is precluded from expending any public monies to employ or retain legal counsel to provide legal services or representation to the public body or any of its officers in any legal action commenced for violation of the statute unless City Council takes a legal action at a properly noticed open meeting to approve of such expenditures prior to incurring any such obligation or indebtedness. A.R.S. §38-431.07(A)(B).

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on _____ at _____m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

Dana R. DeLong, City Clerk

COUNCIL WATER ISSUES
COMMITTEE
REGULAR MEETING
TUESDAY, APRIL 12, 2016
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR MEETING OF THE COUNCIL WATER ISSUES COMMITTEE HELD ON APRIL 12, 2016, in the LOWER LEVEL CONFERENCE ROOM, located at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

A. Call to Order

Chairman Lamerson called the meeting to order at 9:01 a.m.

B. Roll Call

COUNCIL WATER ISSUES COMMITTEE MEMBERS:

Present:

Chairman Jim Lamerson
Member Steve Blair, arrived at 9:08 a.m.
Member Steve Sischka

Staff Present:

Craig McConnell, City Manager
Leslie Graser, Water Resources Manager
Clyde Halstead, Assistant City Attorney
Dana DeLong, City Clerk

C. Approval of minutes of the March 22, 2016, Water Issues Committee Meeting

**MEMBER SISCHKA MOVED TO APPROVE THE MINUTES AS WRITTEN;
SECONDED BY CHAIRMAN LAMERSON; PASSED 2-0.**

D. Alternative Water Portfolio Update

Leslie Graser, Water Resources Manager, presented. She talked about the actions that took place since November 10, 2015, regarding the alternative water supplies in the City's portfolio. She said that the account balances of certain alternative water remained unchanged since March 22, 2016.

E. Status of Resolution No. 4321-1530

Leslie Graser, Water Resources Manager, presented. She said on April 5th the Council adopted an extension of the suspension until it was repealed. She said on April 19th there would be a Study Session of the full Council to introduce and hold a discussion of the draft policy. On May 3rd there would be the consideration of approval of the Alternative Water Allocation Policy for Calendar Year 2016.

F. Policy for Allocation of Alternative Water for Calendar Year 2016 (4-12-16 draft)

Leslie Graser, Water Resources Manager, presented. She talked about the proposed Alternative Water Allocation Policy for Calendar Year 2016. She said the policy was only effective for the remainder of Calendar Year 2016.

Ms. Graser said that after the last Water Issues Committee meeting there had been revisions made to the policy. She presented the draft policy for April 12, 2016. She talked about Section 2 and noted that the policy addressed only the sources of alternative water supplies specifically labeled "Treated effluent supplies for storage and recovery", and "Surface water supplies for storage and recovery".

Member Blair arrived at 9:08 a.m.

Ms. Graser talked about the categories of the policy; Category 1: Overall Requirements, Category 2: Exhibit A Projects, Category 3: Reservations.

Category 1: Overall Requirements

Ms. Graser said policies 1a – 1c did not change. She said for policy 1d they added in site plan applications. She said there were a group of projects that were having difficulty and the process was not equitable. To even things out they added the site plan application process.

Ms. Graser talked about policy 1i and the process for the acceptance of extinguished, pledged irrigation grandfather rights. She said that was now attachment 2 to the policy.

Ms. Graser talked about policy 1k. She said this had been an interesting subject for many years. This was kept in the policy and most of the language was the same. She said this was attachment 3 to the policy. Ms. Graser continued with policy 1l, which addressed the performance criteria.

Craig McConnell, City Manager, said the policy was being proposed for the remainder of Calendar Year 2016, it was not for all time.

Category 2: Exhibit A Projects

Ms. Graser presented category 2 and said nothing had changed in the area of contractual obligations. She pointed out that in addition to the market and workforce components they added a commercial section to the policy. She said that the overall policies in category 1 also applied to this group.

Ms. Graser talked about the Market Category and individual points that made up the category. She continued with the Workforce Category and noted that it had generally stayed the same.

Category 3: Reservations

Ms. Graser said there were two pieces added to category 3. She said there was a brief statement on the Chino Valley Irrigation District that there would be no modifications to the contract. She said the same was for the Deep Well Ranches contract.

Ms. Graser talked about Section 4c: Water Allocation Process. She said this took them back to the site plan that was added to the policy, and outlined three potential pathways to water allocation. The three pathways were administrative approval, site plan review, and subdivision plat review. She read the site plan review points.

Chairman Lamerson clarified that the Planning and Zoning Commission makes recommendations to the Council based on the land use. He said the Council either accepts the recommendation or not, which had happened in the past. He said the Council looked at the overall view inclusive of water, not just land use.

Ms. Graser said that was correct and they then bring in that recommendation as part of the Water Service Agreement.

Ms. Graser talked about the attachments to the policy

Member Sischka asked about the extinguished water rights and if they had to be in this area, or could they be anywhere. Ms. Graser said they had to be from the AMA.

Chairman Lamerson asked how this interfaced with the cap that was put on the City as to what we could import outside of the AMA into the AMA, and what we had access to within the AMA in the assured water portfolio and the alternative water portfolio. He thought both were significant with regards to description. He thought the City's portfolio was explicit to what we could do.

A discussion was held on the groundwater rights and the alternative side of the issue.

Member Sischka asked if the City of Prescott had a list of grandfathered water rights that were extinguished, or if that would be the State. Ms. Graser replied that the State kept those lists.

Ms. Graser continued with Attachment 3 on Workforce Housing. She said the definition was taken directly out of the Land Development Code on what workforce housing was.

A discussion was held on what qualified as workforce housing, and the issues involved in determining what factors would be included in defining workforce housing. Ms.

Graser asked for more input on the workforce housing element. She said in the packet it said workforce was only defined for home ownership.

Ms. Graser asked for direction. The Committee indicated that through the end of the calendar year 2016 it could be home ownership and rentals, and then at some point it would need to be evaluated.

Ms. Graser talked about Attachment 4 the Water Service Agreement Application. She said it generally stayed the same. She said at the May 3rd the Council will have before them fee changes, and she is proposing fee changes which would be filled in after the May 3rd Council meeting.

Ms. Graser talked about the remaining general pool balance, and the amount set aside for commercial. She said it was a placeholder they made for commercial until the end of the year, when they would have more discussion on the issue.

Chairman Lamerson said the formula we use for per acre foot for both single-family and multi-family was inclusive for the add-ons of the commercial. He said it contemplated the services, and wondered if they were now saying that they are using a different formula. Ms. Graser thought that through the end of the year they would use the same formula. Chairman Lamerson said they could set the stage for the conversation in January.

Ms. Graser talked about the Exhibit A projects and what it looked like when they moved through the process. She talked about pending proposed projects.

Ms. Graser asked if the committee was agreeable to presenting the draft policy to the full Council.

Member Blair talked about the categories and wondered if they should continue to have specific categories of water. He thought there should be flexibility to help other areas move.

Mr. McConnell said it was not necessary for the committee to take formal action today. He thought the Water Issues Committee could consider forwarding the policy to the Council and specifically identifying that the topic of workforce housing needed more discussion.

Member Sischka said he was not sure that they had adequately defined "workforce". He thought they needed to re-evaluate the situation.

Member Blair said this was a policy that was meant to go to the end of the year, but thought moving forward it needed to be looked at more closely.

The Water Issues Committee recommended approval of the Policy for Allocation of Alternative Water for Calendar Year 2016, and that it be forward it to the Council for consideration.

G. Work plan for remainder of Calendar Year 2016 related to Resolution Nos. 4310-1519, 4315-1524, and 4321-1530

This item was not discussed

H. EZ Street Water Station

Ms. Graser said the item was on the agenda as an introduction. Chairman Lamerson thought EZ street was a potential problem. Member Blair thought it needed to come back for discussion.

No discussion was held on the item.

I. Adjournment

There being no further business to be discussed, the Council Water Issues Committee Meeting of April 12, 2016, adjourned at 10:23 a.m.

JIM LAMERSON, Chairman

ATTEST:

DANA R. DELONG, City Clerk

COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO
May 10, 2016

DEPARTMENT: City Manager (Water Resource Management)

AGENDA ITEM: Alternative Water Portfolio Update

Approved By:

Date:

Water Resource Manager: Leslie Graser

City Manager: Craig McConnell

Background

A series of actions have taken place since November 10, 2015, with respect to alternative water supplies in the City's portfolio.

Date	Action	Description
November 10, 2015	Resolution No. 4310-1519 adopted	Temporary 90-day suspension of alternative water contracts, with certain exceptions
February 16, 2016	Resolution No. 4315-1524 adopted	Temporary suspension extend to April 5, 2016, with certain exceptions
March 22, 2016	Water Issues Committee recommendation	Proposed schedule to consider new policy and repeal suspension
April 5, 2016	Resolution No. 4321-1530	Temporary suspension extended with a timeline for policy adoption
May 3, 2016	Resolution No. 4328-1537	Adoption of the Alternative Water Allocation Policy for Calendar Year 2016

The account balances of certain alternative water remain unchanged since March 22, 2016.

- The alternative water General Pool quantity available is 479.3 acre-feet.
 (as of 2/25/2016, which includes the 200 AF transfer from the reservation for vacant, residentially-zoned tracts within City limits, and the 92 AF balance of the 2009 D&O supplies that is physically available)
- The alternative water reservation for vacant, residentially-zoned tracts within the City limits is 432 acre-feet.
 (as of 2/25/2016, after the 200 AF deduction)
- The alternative water prospectively available from the Big Chino Water Ranch is 3,264.50 acre-feet.
 (as of 2/25/2016, net of previous reservations, and the 200 AF reservation related to vacant, residentially-zoned tracts within the City limits)

Committee Recommendation to Council: Update; no action required

E

COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO	
May 10, 2016	
DEPARTMENT:	City Manager (Water Resource Management)
AGENDA ITEM:	The Club at Prescott Lakes Contract No. 2002-208 A1

Approved By:	Date:
Water Resource Manager: Leslie Graser	
City Manager: Craig McConnell	

Background

City Contract No. 2002-208, Consolidated, Amended and Restated Effluent Sale Agreement, was entered into on October 8, 2002. The term of the Agreement was twenty (20) years, effective February 27, 1996. The Club at Prescott Lakes is seeking to have it renewed with one change related to Item 3, Supply of Effluent. Specifically, the request is to adjust monthly allocations to shift some quantities from the winter months to the summer months, without a net increase in the annual maximum of 500 AF.

The current contract provides for extension of the Agreement for two additional twenty-year terms, subject to adjustments to the payment terms set forth therein. The City (Legal, Public Works, and Water Resource Management) and The Club at Prescott Lakes have worked cooperatively on the renewal; notable changes are as follows:

- A reduction in the renewal term to ten (10) years, with the continued option to renew for a total additional term not to exceed forty (40) years, consistent with the original agreement.
- Modification of the monthly allocation, effective January 1, 2017, to allow for more effluent in the summer season and less in the winter, but no change in the overall volume of 500 AF/year.
- Adjustment of base pricing, effective January 1, 2017, to \$354.35 per acre-foot, plus a \$50.00 surcharge on the base pricing for use beyond the monthly allocation, respectively. Annual adjustments will continue to be subject to the Consumer Price Index.

<p>Committee Recommendation to Council: (1) MOVE to recommend approval of the Amended and Restated Effluent Sale Agreement, City Contract No. 2002-208 A1 to the Council OR (2) Other motion to be determined by the Committee.</p>
--

AMENDED AND RESTATED EFFLUENT SALE AGREEMENT
City Contract No. 2002-208A1

This Amended and Restated Effluent Sale Agreement (the "Agreement") is entered into as of _____, 2016, by and between the City of Prescott, a municipal corporation of the State of Arizona (the "City"), and The Club at Prescott Lakes, L.L.C. (the "Club").

A. The City and PL Custom Investors, L.L.C., an Arizona limited liability company ("PLC") entered into that certain Consolidated, Amended and Restated Effluent Sale Agreement dated October 8, 2002, while Agreement superseded and restated earlier effluent sales agreements pertaining to the same parcels of land. The interest of PL Custom Investors, L.L.C., prior in said agreement was transferred to the Club.

B. The City and the Club now desire to amend and restate the 2002 Effluent Agreement pursuant to the terms set forth in this Agreement. The City and the Club are entering into this Agreement with the understanding and intent that this Agreement amends, restates, and supersedes the 2002 effluent agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions herein contained and other valuable consideration, the adequacy of which is hereby acknowledged, the parties agree as follows:

1. Term. The term of this Agreement shall be for a period of ten (10) years beginning February 27, 2016. The Club may extend this Agreement for three (3) additional ten year terms, subject to adjustments to the payment terms set forth in Paragraph 5 below and compliance with all relevant city, state and federal regulations at the time of each extension. Upon expiration of this Agreement pursuant to this Paragraph, the parties agree to negotiate in good faith toward a new effluent agreement.

2. Definitions.

2.1. "Commencement Date" shall be May 17, 2016.

2.2. "Wastewater" means sanitary wastes of human origin, sewage, gray water, and industrial wastes that contain sanitary wastes or are used in the production or processing of any crop or substance which may be used as human or animal food.

2.3. "Reuse Site" means Prescott Lakes, a subdivision of the City of Prescott.

2.4. "Effluent" means wastewater that has completed its passage through the City of Prescott Wastewater Treatment System.

2.5. "Open Access" means that access to the Reuse Site by the General public

is uncontrolled.

2.6. "Restricted Access" means that the access to the Reuse Site by the General public is controlled.

3. Supply of Effluent.

3.1 Basic Effluent Purchases. The City agrees to sell to the Club, and the Club agrees to purchase from the City up to 500 acre feet ("a.f.") of effluent per year, subject to the terms of this Agreement and upon the monthly schedule set forth below ("Basic Effluent Purchases");

For 2016:

MONTH	DAILY MAXIMUM (AF/day)	TOTAL MONTHLY ALLOCATION (AF/month)
January	0.66	20.6
February	0.84	23.4
March	1.12	34.8
April	1.57	47.1
May	1.77	54.8
June	2.32	69.7
July	2.00	62.1
August	1.80	55.9
September	1.46	43.9
October	1.31	40.5
November	0.90	27.1
December	0.64	20
Maximum Total Allocation		500 AF.

For 2017 through 2026:

MONTH	DAILY MAXIMUM (AF/day)	TOTAL MONTHLY ALLOCATION (AF/month)
January	0.34	10.6
February	0.66	18.4
March	1.12	34.8
April	1.81	54.4
May	2.12	65.8
June	2.65	79.6
July	2.07	64.1
August	1.80	55.9
September	1.46	43.9
October	1.31	40.5
November	0.73	22
December	0.32	10
Maximum Total Allocation		500 AF

Basic Effluent Purchases in a particular month must be taken on a continuous basis during the course of that month. Any effluent not utilized by the Club in a particular month may not be carried over into a succeeding month.

3.2 Supplemental Effluent Purchases. If due to weather conditions, special maintenance needs or other considerations, the Club requires effluent during any day in excess of the maximum daily Basic Effluent Purchases contemplated above, it shall have the right to purchase from the City (subject to availability as determined by the City's Director of Public Works) additional effluent during such day at a rate as calculated in paragraph 5.2 below ("Supplemental Effluent Purchases"). Notwithstanding the foregoing, if City is unable to deliver effluent or alternate water for any period of time due to no fault of THE CLUB ("Stoppage Period"), then the aggregate Daily Maximums that would have otherwise been available during such Stoppage Period will be banked and drawn against following such Stoppage Period as additional Basic Effluent Purchases rather than as Supplemental Effluent Purchases; provided that any delivery rights so banked shall be drawn against no later than sixty (60) days following the end of the subject Stoppage Period.

3.3 Active Management Area. The parties acknowledge that all services to be

provided and all property served is located within the Prescott Active Management Area. As such, the Arizona Department of Water Resources may set the maximum amount of water that the Club may use. In the event that ADWR sets an amount of water for the Club's use that is less than the maximum to which the Club is entitled by section 3.1, the parties agree that the maximum allowed by section 3.1 will be reduced to that amount set by ADWR. The Club shall have the authority to reduce, but not increase, any of its monthly distributions as it sees appropriate. The parties further agree that nothing in this contract requires either party to violate any rule, regulation, or management plan from ADWR, ADEQ, EPA, or any other entity.

3.4 Permitted Uses and Allocation. All effluent purchased by the Club under this agreement shall be used exclusively for the following: (i) golf course irrigation, (ii) filling and maintenance of the lakes (including the lake at the main entry to Prescott Lakes on Highway 89), and (iii) irrigation of common area landscaping (the "Permitted Uses"). The Club shall have the sole right to determine the appropriate allocation of the purchased effluent among the Permitted Uses.

3.5 Payment by the Club. The Club shall pay on a monthly basis for the amount of effluent received each day of such month (A) for amounts received each day up to the daily maximum of Basic Effluent Purchases set forth in paragraph 3.1 above ("Daily Maximum") the rate stipulated in paragraph 5.1 below, and (B) for any Supplemental Effluent Purchases at the rate then in effect pursuant to paragraph 5.2 below. The Club's failure to make any such payment within thirty (30) days of the Club's receipt of a monthly invoice from the City shall result in the Club forfeiting its rights to any effluent under this Agreement; provided, however, that such forfeiture shall occur only after the Club has been given written notice of its breach of the foregoing obligations and has failed to cure such breach within 10 business days following its receipt of such notice. Any payment not received within thirty (30) days of the Club's receipt of a monthly invoice shall be subject to a late charge equal to 1.5% per month commencing on the 31st day following the Club's receipt of such invoice.

3.6 The Club's Right To Reimbursement by Association. The Club shall have the right to obtain reimbursement from the Prescott Lakes Community Association for the actual cost of any effluent used for irrigation of common area landscaping the entry lake.

3.7 Limitations on City's Effluent Delivery Capacity. In the event of any shortage of effluent, by any cause beyond the reasonable control of the City, it is specifically understood and agreed that the following priorities shall apply with respect to the Basic Effluent Purchases available to the Club under paragraph 3.1 of this Agreement.

a. First, the City has the unconditional right to utilize up to 1,000 acre feet per year as required for use on its municipal golf course.

b. Second, pursuant to that certain Tribal Water Settlement Agreement and Water Service Agreement entered into between City and the Yavapai-Prescott Indian Tribe (the "Tribe") in 1994, the City will honor its commitment to the Tribe to provide the Tribe an amount of effluent equal to the amount of effluent produced by the Tribe.

c. Third, prior to making any effluent available to any person or entity other than as set forth in (a) and (b) above, the City shall honor its commitment to provide the first 274 acre feet (on an annualized basis) of effluent to the Club pursuant to paragraph 3.1 of this Agreement.

d. Fourth, subject to the foregoing priorities, the City will attempt to honor its commitment to provide effluent to the development known as Capital Canyon Club pursuant to that certain Effluent Sales Agreement between the City and Hassayampa Village Community, L.L.C.

e. Fifth, prior to making any effluent available to any person or entity other than as set forth in the previous five instances, subject to the foregoing priorities, the City shall honor its commitment to provide the remaining effluent to the Club pursuant to paragraph 3.1 of this Agreement.

3.8 Substitution/ Supplementation. At any time that the City is unable for any reason to satisfy the maximum daily delivery volumes set forth in paragraph 3.1 above from its effluent resources, it shall provide substitute water meeting all relevant quality and quantity requirements of this agreement. The City's obligation in this section to provide substitution water is secondary to the City's obligation to provide drinking water to residential users.

4. Quality of Effluent City shall deliver to the Club effluent that is either certified or otherwise meets Class B+ reuse standards and/ or such future standards as may from time to time be imposed by the Environmental Protection Agency ("E.P.A."), Arizona Department of Environmental Quality ("ADEQ"), Arizona Department of Water Resources ("ADWR"), or any other regulatory body with jurisdiction over the City's Wastewater Treatment System, its effluent or related activities of the City. The Club agrees to follow all relevant rules issued by the Arizona Department of Environmental Quality regarding the effluent quality.

5. Price of Effluent.

5.1 Pricing For Basic Effluent Purchases. For Basic Effluent Purchases as described in paragraph 3.1 above, the Club shall pay to the City the rate of \$341.26 per acre foot for calendar year 2016 and \$354.35 per acre foot beginning January 1 , 2016. The rate shall be increased by reference with the percentage rise, if any, of the Consumer Price Index, as hereinafter defined, within the limits set forth in this paragraph. The Consumer Price Index for each annual period shall be computed by reference to the statistic published in the Monthly Labor Review by the United States Department of Labor, Bureau of Labor Statistics, designated "Consumer Price Index for All Items; 1982 - 1984 = 100"; provided, however, that the increase in the rate shall not be less than two percent (2%) per year nor more than six percent (6%) per year. the Club shall make monthly payments to the City for effluent purchased during the prior month in accordance with standard invoices to be prepared by the City Public Works Department. Notwithstanding the foregoing, the Club will also reimburse the City for any increased cost of treatment required to meet the existing Class B+ or any future standard imposed pursuant to any applicable federal, state or local law, regulation, rule, ordinance, permit or permit condition. The City may include any

additional required expenses pursuant to this provision as an adjustment to the purchase price as set forth herein. Any additional costs to be borne by the Club pursuant to this Paragraph shall be determined by computing the additional cost of treatment per acre foot, with the Club's additional payment being determined on a pro rata basis by the total amount of acre feet to which the Club is entitled pursuant to Paragraph 3 above. The City shall provide the Club with any and all documentation and computations made to arrive at any such additional increase in effluent cost.

5.2 Pricing For Supplemental Effluent Purchases. For Supplemental Effluent Purchases as described in paragraph 3.2 above, the Club shall pay to the City a surcharge of \$50 per acre foot in excess of the basic rate then in effect, with such surcharge being increased annually in accordance with the escalator calculation set forth in paragraph 5.1 above, using the calendar year 2016 as the base year.

6. Point of Delivery. The City shall deliver all effluent to Prescott Lakes at the point designated on the map attached hereto as Exhibit "A".

7. Delivery System. The Club's predecessors have constructed the delivery system required to utilize the effluent supplied under this Agreement from the point of delivery to the Reuse Site and have dedicated the same to the City. The Club shall modify or reconstruct the air release valves located in the effluent delivery system in accordance with the plans and specifications and the punch list attached as Exhibit "B" before December 31, 2016. Upon completion by the Club and approval by the City's Public works Department, the City shall accept the effluent delivery system. Until such time, the Club shall remain liable for and maintain the effluent delivery system from the south edge of the entrance road to Watson Lake Park to the point of delivery in the Club. Thereafter, the City shall assume liability and responsibility for maintenance of the system to the point of delivery, which maintenance shall comply with all requirements of law.

8. Infrastructure.

8.1 The Club's predecessors have provided, at their own expense, and dedicated to the City, the meters, pump stations, mains, valves and related devices, all in accordance with the Delivery System Plans, for measuring the supply of effluent furnished by the City under this Agreement. Subject to paragraph 7, the City shall be fully responsible for maintaining the meters, pump stations, mains, valves and related devices.

8.2 The Club's predecessors have equipped the main transmission line with an effluent control valve which shall be subject to City control and ownership. The City shall regulate the effluent control valve to provide the amounts of effluent set forth in Paragraph 3 hereof in the normal course of operation.

8.3 The City shall calibrate, check, read and/or audit the effluent flow measuring devices as necessary to comply with any and all laws. All reports generated as a result of such calibration or auditing activities shall be open for inspection and review by the Club during normal business hours.

8.4 The City shall use its best efforts to properly maintain effluent lines, meters,

pump stations, mains, valves and related devices comprising the delivery system and infrastructure constructed by the Club and delivered to the City in accordance with Paragraphs 7 and 8 of this Agreement and the Superseded Effluent Agreements. In the event the City fails to properly maintain or repair effluent lines, meters, pump stations, mains, valves and related devices comprising the delivery system and infrastructure within a reasonable period of time (given the nature of repairs required) after receiving actual notice of the need for repair, then in addition to other remedies which may be available hereunder, the Club shall have the right to effectuate a cure and receive a credit from the City equal to the actual and reasonable costs associated with such cure. In the event the Club exercises the right to cure, such cure shall be in accordance with applicable City standards and shall be specifically limited to repair or replacement of affected facilities, and shall not extend to replacement of water resources that would have been available to the Club but for the needed repairs or replacements.

9. Licenses, Permits and Approvals. The Club shall be responsible for obtaining any and all licenses, permits and/or approvals of any kind necessary for the reuse of effluent at the Reuse Site and the City shall agree to cooperate as reasonably required with the Club in obtaining all licenses, permits and/or approvals. The Club agrees to provide the City with copies of all permits, licenses, and approvals received.

10. Storage Requirements. The Club shall be responsible for any and all storage requirements which may be imposed, including but without limitation, those stated in Arizona Administrative Rules and Regulations (RI 8-9-702) or any other applicable rule, regulation, or law of any regulatory entity having jurisdiction over the Reuse Site or activities of the Club.

11. Method of Disposal. The Club shall have the sole responsibility to dispose of any effluent for which it accepted delivery and did not use in a manner approved by the applicable regulatory bodies, provided that the effluent may not be resold to any third party.

12. Reuse Requirements. The Club shall be responsible for compliance with any and all requirements for specific uses as contained in Arizona Administrative Rules and Regulations, now or hereinafter promulgated and such regulations of any regulatory entities having jurisdiction over the use of effluent or the activities of the Club. The lakes shall be maintained so as not to cause a violation of health laws or regulations nor cause any noxious or offensive odors or conditions. The lakes shall be adequately maintained by the Club and its successor(s) in interest to the golf course or a subsequent homeowners association. The failure to properly maintain said lakes in accordance with ADEQ standards and/or the standards of any other governmental entity having jurisdiction over same shall constitute a material breach of this Agreement, and shall entitle the City to terminate this Agreement, in addition to any other remedies which may be available to the City. Notwithstanding the foregoing, the City shall not find the Club to be in breach of this Agreement without (a) first having providing the Club with written notice describing the potential default, and (b) the failure of the Club to cure said defaults in accordance with this Paragraph and Paragraph 20. In addition to other remedies pursuant to this agreement, following termination of the Agreement for failure to maintain the lakes, the Club shall be liable for all costs of remediation, reconstruction and rebuilding of the lakes to a condition in accordance with all federal, state and local laws and regulations and this Agreement or the costs incurred by the City in changing the use of the lakes, if the City elects to do so. Prior to transfer of ownership and control of common areas within Prescott Lakes to a duly formed homeowners association, the Club shall provide to the City appropriate evidence of acceptance by said homeowners

association of liability for maintenance and remediation of the lakes pursuant to this Paragraph. In the event of a default by the Club or its successors and assigns to this Agreement, then and in that event the City shall be entitled to obtain the right to use and possession of the lakes, to maintain the lakes or change the use thereof at the City's sole discretion. In the foregoing event, the City shall be entitled to pursue any and all civil remedies which may be available to it in order to recoup from the owners of the Club, its successors and assigns, any and all costs associated with the maintenance of the lakes or change in use.

13. Restricted Access. In the event that the effluent delivered under this Agreement does not meet allowable permit levels for open access to the lakes, then the Club shall take all steps necessary to restrict access to those lake areas within the Reuse Site on which the effluent has been applied, at City's expense.

14. Monitoring. The Club shall be responsible for meeting the minimum permit monitoring requirements as set forth or hereinafter promulgated, under Title 18, Chapter 9, Article 7 of the Arizona Code of Rules and Regulations at no cost to the City.

15. Compliance. In coordination with its obligation to monitor in section 14, the Club shall be responsible for ensuring that any discharge into the City's Municipal Storm Sewer System, creeks, or lakes owned by the City comply with any environmental regulations or standards including those listed in the Watson Lake TMDL, Granite Creek TMDL, and others as may be adopted by ADEQ, EPA, or other such agencies.

16. Permitted Uses of Effluent. The Club may only use the effluent received under this Agreement for the Permitted Uses and in the specific amounts as more particularly set forth in Paragraphs 3.1 and 3.2 hereof.

17. Cancellation. This Agreement will be subject to cancellation in the event a court of competent jurisdiction or any legislative, administrative, or regulatory body (other than the City) with jurisdiction over this Agreement, prohibits the City's rights to obtain, transfer, treat, sell, or contract for, the distribution of the effluent that is the subject of this Agreement.

18. Assignability. The Club, or its successor, shall have the right to assign freely its right to receive effluent under this Agreement to any successor-in-interest to the Golf Course, or any portion thereof, provided such assignee shall agree in writing to comply with all of the terms and conditions of this Agreement and has sufficient financial capability to perform under this Agreement, and subject to the approval of any state and federal agencies, if applicable.

19. Partnership Not Intended. Nothing contained in this Agreement shall be construed as creating a partnership, agency, association or joint venture relationship between the parties. No term or provision of this Agreement is intended to be for the benefit of any person, firm, organization or corporation not a party hereto, and no other person, firm, organization or corporation shall have any right or cause of action hereunder.

20. Termination. Either party may terminate this Agreement upon written notice to the other party of any violation of any of the terms or conditions of this Agreement unless said violation is cured to the satisfaction of the notifying party as follows: in the event that the breach is for the maintenance, repair or replacement of infrastructure, action taken to cure said breach must commence within thirty (30) days

of notice of said breach, and diligently pursued until the cure is completed, provided, however, that said breach must be cured within ninety (90) days of notice thereof (unless said time is extended by mutual agreement of the parties); in the event that the breach is for the payment of money, initial infrastructure construction, or some other obligation not specifically identified in this Paragraph, said breach must be cured within thirty (30) days following the notice of said breach.

21. Notices. Notices required under this Agreement shall be addressed as set forth below or as may be changed from time to time, and shall be sent via U.S. Postal Service, certified mail, return receipt requested, postage pre-paid to:

City: City of Prescott c/o City Clerk
201 S Cortez St
Prescott, Arizona 86303

With a copy to: City Public Works Director
433 N Virginia St
Prescott, Arizona 86301

The Club: The Club at Prescott Lakes, LLC
Three Lincoln Centre
430 LBJ Freeway, Suite 1400
Dallas, TX 75240
Attention: Douglas T. Howe

With a copy to: The Club at Prescott Lakes, LLC
Three Lincoln Centre
5430 LBJ Freeway, Suite 1400
Dallas, TX 75240
Attention: General Counsel

With a copy to: Prescott Lakes Asset Management, LLC
HOAMCO
P. O. Box 10000
Prescott, AZ 86304

22. Insurance. The City agrees that the Club will establish covenants running with the land providing that the owner of the golf course (the "Owner") shall provide for the ongoing management and operation of the Reuse Site, excluding such obligations of maintenance as are expressly reserved as the obligation of the City in accordance with Paragraphs 7 and 8 hereof. The Club or the Owner, as the case may be, shall obtain and maintain in force and effect during the term of this Agreement a policy of Public Liability Insurance, covering personal injury and property damage which may arise under this Agreement with a minimum coverage of One Million Dollars (\$1,000,000.00) per person and Two Million Dollars (\$2,000,000.00) per incident with the City as an additional named insured. The Club and/ or Owner shall provide proof of such policy to the City and shall provide the City with copies of any and all notices of cancellation, renewal, limitations or exclusions within thirty (30) days of their receipt by the Club or Owner. All insurance required by this Agreement must be written by an insurance company authorized to do business in the State of Arizona, to be evidenced by a certificate of authority as defined in A.R.S. Section 20-217, a copy of which certificate is to be attached to the

applicable insurance policy or certificate of insurance.

23. Non-waiver of Water Rights. Nothing herein shall be construed to constitute a waiver, relinquishment, abandonment or forfeiture of any appropriative or non-appropriative water rights of the City.

24. Taxes. The Club shall pay any and all truces, levies, imposts or fees that are now or may be imposed hereafter by any entity having jurisdiction over the sale, transfer or any other activity embraced by this Agreement, without offset against payments required under this Agreement.

25. Defense of Validity of Agreement: Indemnification. In the event that any proceeding at law or equity is instituted involving the authority and power of the City to make, execute and deliver this Agreement and/or perform its terms, covenants and conditions, or related to the rights, title and interest of the City in and to the effluent, then the City and the Club shall jointly and cooperatively defend the validity of this Agreement and the use of the effluent. The Club hereby agrees to indemnify and hold harmless the City, its departments and divisions, its employees and agents, from any and all claims, liabilities, expenses or lawsuits as a result of this Agreement, if and to the extent that said claims, liabilities, expenses, or lawsuits arise by the negligent or intentional acts or omissions of the Club or its agents or employees, or by the negligent or intentional acts or omissions of the Club subcontractors, agents, employees, assigns, or successors in interest. The City hereby agrees to indemnify and hold harmless the Club, its members, employees and agents, from any and all claims, liabilities, expenses or lawsuits as a result of this Agreement, if and to the extent said claims, liabilities, expenses or lawsuits arise by the negligent or intentional acts or omissions of the City, or of its agents or employees, or by the negligent or intentional acts or omissions of the City's subcontractors, agents, assigns, or successor in interest.

26. Successors and Assigns. The terms of this Agreement shall be binding on the successors and assigns of the parties.

27. Non-waiver. The nonenforcement or waiver of any breach of any term, covenant or condition of this Agreement shall not be deemed a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition.

28. Conflicts of Interest. Pursuant to A.R.S. Section 38-511, the City may cancel this Agreement, without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Agreement on behalf of the City is, at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of any other party to the Agreement in any capacity or consultant to any other party of the Agreement with respect to the subject matter of the Agreement. In the event of the foregoing, the City further elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting, or creating this Agreement on behalf of the City from any other party to the Agreement arising as a result of this Agreement.

29. Reuse of Lake Areas.

29.1 In the event the Club, its successors and assigns, elect to utilize the area of the lakes as constructed within the applicable Prescott Lakes master plan for an alternate land use other than lakes, the Club shall first obtain the approval of such alternate land use and reconstruction of the lakes from the Prescott City Council. In connection with such approval, the City may require such bonding or other security for performance of necessary reconstruction of lake areas as is appropriate and reasonable to ensure performance of appropriate reconstruction for utilization of the area of the lakes for the approved alternate land use. Notwithstanding the election of the Club to utilize the area of the lakes for an alternate land use approved by the City, the Club's right to receive effluent under this Agreement which have been timely exercised hereunder shall continue in full force and effect.

29.2 The irrigation uses of the effluent shall be limited to irrigation for the golf course, common area landscaping within the Reuse Area and within City rights of way within the Reuse Area.

30. Entire Agreement. This Agreement may not be enlarged, modified or altered, except in writing by both parties. The provisions contained in this Agreement represent the entire agreement between the parties and any promises, assertions or representations not expressly contained in this Agreement are null, void and of no effect, including, without limitation the terms of the Superseded Effluent Agreements.

IN WITNESS WHEREOF, the parties execute this Agreement on the day and year first above written.

CITY OF PRESCOTT

HARRY B. OBERG
Mayor

DATE

ATTEST:

APPROVED AS TO FORM:

DANA R. DeLONG
City Clerk

JON M. PALADINI
City Attorney

THE CLUB AT PRESCOTT LAKES, LLC

DOUGLAS T. HOWE

DATE

Exhibit A
Map Identifying Point of Delivery

Exhibit B
Delivery System Punch List (reference paragraph 7)

Exhibit B
Delivery System Punch List (reference paragraph 7)

Three (3) effluent air release valves, located along golf hole #13 need to be raised so the corp stops are above concrete. As they sit now, the corp stops are in the concrete base and are inaccessible.

COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO
May 10, 2016

DEPARTMENT: City Manager (Water Resource Management)

AGENDA ITEM: Water Service Agreement Application No. 14-009 by Embry-Riddle Aeronautical University, to accommodate the construction of sixty-six (66) student housing suites, and future build-out plan of APNs 106-03-004, 106-02-009B, 106-02-001J, 106-02-003A, and 106-08-006.

Approved By:

Date:

Water Resource Manager: Leslie Graser

City Manager: Craig McConnell

Background

Alternative water supplies are identified for this project in Resolution No. 4328-1537 adopted May 3, 2016, "Alternative Water Allocation Policy for Calendar Year 2016." Embry-Riddle Aeronautical University (ERAU) has been a City water customer since November 18, 1976, and was annexed into the City in 1997.

Summary

A WSA application (WSA 14-009) was filed for a residence hall containing sixty-six (66) student housing suites for a total occupancy of 264. Additional discussion between ERAU and the City identified a seven (7)-year campus development plan. In accordance with policy stated above, the attached water contract identifies supplies for three (3) student residence halls each consisting of sixty-six (66) units each, a Library Learning Center in 2019, and an additional Student Union building in 2021, and an academic building. The total water to be placed in to contract is 55 AF (49.5 AF, 0.6 AF, 3.7 AF, and 1.2 AF respectively). No alternative water supplies are being allocated for new turf shown in the seven (7)-year plan.

Activities to date:

- October 28, 2014, Pre-Application Conference (PAC) No. 14-084 was held
- October 28, 2014, a Water Service Agreement application (No. 14-009) was filed
- December 18, 2014, a building permit application (B1412-120) was filed
- June 15, 2015, the building permit for the new residence all was issued.
- November 10, 2016, temporary suspension on alternative water supplies
- May 3, 2016, Alternative Water Allocation Policy for Calendar Year 2016 is adopted

Attachments

- 1) Water Service Agreement Application WSA 14-009 (City Contract No. 2016-292)

Committee Recommendation to Council: (1) **MOVE** to recommend approval of Water Service Agreement No. 14-009 (City Contract No. 2016-292) to the Council **OR** (2) Other motion to be determined by the Committee.

AGREEMENT FOR POTABLE WATER (WSA No. 14-009)
EMBRY RIDDLE AERONAUTICAL UNIVERSTIY
City Contract No. 2016-292

WHEREAS, Embry Riddle Aeronautical University (hereinafter referred to as “Applicant”), is the owner of certain real property within the City of Prescott; and

WHEREAS, the Applicant has been a City water customer since November 18, 1976; and

WHEREAS, the Applicant was annexed into the City in 1997; and

WHEREAS, the Applicant desires to obtain an increased provision of potable water to said property from the City of Prescott (hereinafter referred to as “City”) to support the 7 Year Master Plan (Master Plan); and

WHEREAS, the Applicant contemplates constructing as part of the Master Plan a residence hall containing sixty-six (66) suite dwelling units for a total occupancy of 264, an additional Library Learning Center in 2019, an additional residence hall containing sixty-six (66) suite dwelling units for a total occupancy of 264 in 2019, an additional Student Union building in 2021, an additional residence hall containing sixty-six (66) suite dwelling units for a total occupancy of 264 in 2021; and

WHEREAS, Prescott City Code Section 2-1-12(H) requires that an agreement be reached between the City and the Applicant in order to provide potable water; and

WHEREAS the City Council finds that compliance with this Agreement by the Applicant shall result in:

1. The project or development being consistent with and conforming to, furthering the implementation of, and not being contrary to, the adopted Water Management Policy of the City; and
2. The project or development being consistent with and conforming to, furthering the implementation of, and not being contrary to the adopted General Plan of the City; and
3. The project or development being consistent with and conforming to, furthering the implementation of, and not being contrary to any other applicable adopted plans, including but not limited to Specific Area Plans, Circulation Plans, Capital Improvement Plans, Open Space and Trail Plans, Neighborhood Plans, Local Historic District Plans, growth planning or growth management plans, and redevelopment plans; and
4. The project being in accord with the duly adopted City of Prescott Water Budget.

NOW, THEREFORE, in consideration of the covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party to the other, it is hereby agreed as follows:

1. That this Agreement shall relate to that property described as Yavapai County Assessor Parcel Numbers 106-03-004, 106-02-009B, 106-02-001J, 106-02-003A, and 106-08-006, more particularly described in the attached Exhibit "A" (hereinafter referred to as the "Property") and Exhibit B.

2. The City will designate an 16.5 acre feet to accommodate the proposed construction of sixty-six (66) suites for the Property, 1.2 acre feet to accommodate the proposed additional academic building, 0.6 acre feet to accommodate the proposed construction of an additional Library Learning Center in 2019, 16.5 acre feet to accommodate the proposed construction of a second sixty-six (66) suites in 2019, 3.7 acre feet to accommodate the proposed construction of an additional Student Union in 2021, and 16.5 acre feet to accommodate the proposed construction of sixty-six (66) suites for the Property for a total designation of fifty-five (53.8) acre feet annually, subject to the following:

A. Applicant shall be solely responsible for the costs of any water and sewer main extensions or upgrades required by the City to serve the Property.

B. Applicant shall connect the Property to the City's Sanitary Sewer System, and shall be responsible for any and all costs associated therewith, before water service to the property is initiated.

C. Any change in use of the Property from an educational institution will terminate this Agreement.

D. The quantity of 17.7 acre-feet annually of potable water shall be reserved for the Property for a period of five (5) years from the date of this Agreement, which quantity shall be made available upon issuance by the City of a certificate of occupancy for sixty six (66) suite dwelling units and additional academic building. In the event the Applicant has not satisfied all requirements for issuance of said certificate of occupancy within said five (5) year period, this Agreement shall automatically terminate, and in such case neither the Applicant shall have any entitlement to, nor shall the City have any obligation to provide, potable water for this project.

E. The remaining quantity of 38.5 acre feet annual of potable water shall be reserved for a period of five (5) years with effective date as December 31, 2016.

F. In the event that the contemplated construction identified on the Master Plan is reduced at final build out, then and in that event, the amount of potable water set aside for the Property pursuant to this Agreement shall be reduced according to water allocation policies.

G. The installation of any well on the Property, or the use of water on the Property from any other exempt well (less than 35 gpm), shall result in the termination of this Agreement.

H. Any lot splits of the Property shall result in termination of this Agreement and require a new water service agreement.

I. The City does not guarantee fire flows in relation to the private water system.

3. Development beyond the existing structures and new residence hall and classrooms may require the amendment of the Agreement in accordance with City Water Management Policies in force at such time.

4. This Agreement shall run with the land, and shall be binding upon the Applicant's successors in interest and assigns.

5. Pursuant to A.R.S. Section 38-511, the City of Prescott may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the City is, at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of any other party to the Agreement in any capacity or a consultant to any other party of the Agreement with respect to the subject matter of the Agreement. In the event of the foregoing, the City of Prescott further elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the City of Prescott from any other party to the Agreement arising as a result of this Agreement.

6. That the Applicant hereby agrees to indemnify and hold harmless the City, its departments and divisions, its employees and agents, from any and all claims, liabilities, expenses or lawsuits as a result of this Agreement, whether said claims, liabilities, expenses or lawsuits arise by the acts or omissions of the Applicant or its agents or employees.

7. Although this Agreement has been drafted by the Prescott City Attorney, it is the result of negotiations by and between the parties. Therefore, any ambiguity in this Agreement is not to be construed against either party.

8. Time is of the essence in this Agreement. The failure of either party to require strict performance of any provision of this Agreement shall not be deemed a waiver of the right of said party thereafter to require strict performance of that or any other provision of this Agreement in accordance with the terms hereof, and without notice.

9. The parties hereto expressly covenant and agree that in the event of a dispute arising from this Agreement, each of the parties hereto waives any right to a trial by jury. In the event of litigation, the parties hereby agree to submit to a trial before the Court.

10. The parties hereto expressly covenant and agree that in the event of litigation arising from this Agreement, neither party shall be entitled to an award of attorneys' fees, either pursuant to the Contract, pursuant to ARS Section 12-341.01(A) and (B), or pursuant to any other state or federal statute.

APPLICANT:

DATED this _____ day of _____, 2016.

By: _____
_____ of Embry Riddle Aeronautical University

STATE OF ARIZONA)
)ss.
COUNTY OF YAVAPAI)

The foregoing instrument was acknowledged before me this _____ day of _____, 2016, by _____, personally known to me or proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he/she executed it.

[Seal]

Notary Public

CITY OF PRESCOTT:

DATED this _____ day of _____, 2016.

HARRY B. OBERG
Mayor

ATTEST:

APPROVED AS TO FORM:

DANA R. DeLONG
City Clerk

JON PALADINI
City Attorney

STATE OF ARIZONA)
) ss.
COUNTY OF YAVAPAI)

The foregoing instrument was acknowledged before me this _____ day of _____, 2016, by Harry B. Oberg, Mayor, personally known to me or proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he executed it.

[Seal]

Notary Public

COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO
May 10, 2016

DEPARTMENT: City Manager (Water Resource Management)

AGENDA ITEM: Water Service Agreement Application No. 15-010 by James 110 Investments, LLC, for Walden Ranch, a 286 lot single-family Planned Area Development on property currently known as Centerpointe South, located south of Centerpointe East and east of SR89, APNs 106-01-005, 106-01-003X, and 102-06-005N

Approved By:

Date:

Water Resource Manager: Leslie Graser

City Manager: Craig McConnell

Background

This project is identified in the Alternative Water Allocation Policy for Calendar Year 2016, Attachment 1 (Resolution No. 4310-1519, Exhibit A). It was introduced at the Water Issues Committee on December 29, 2015, and January 13, 2016.

In accordance with the Alternative Water Allocation Policy for Calendar Year 2016 (the "Policy"), this project submitted the necessary applications and on December 10, 2015, received a Planning Commission recommendation. Per the policy, preliminary plats (P.A.D.) and site plans must also be scheduled for Water Issues Committee review.

Summary

A Development Agreement is proposed for this project, to include the Water Service Agreement as Exhibit D. The project master plan consists of 286 single family dwelling units to be completed in six phases, requiring a total water volume of 100.1 AF. Performance criteria consistent with the Policy are still being developed through dialogue with the Applicant. A current draft of the criteria will be provided at the meeting for discussion.

Attachment

- 1) Master Plan for Walden Ranch

Committee Recommendation to Council: Item for Committee discussion

COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO
May 10, 2016

DEPARTMENT: City Manager (Water Resource Management)

AGENDA ITEM: EZ Street Water Station

Approved By:

Date:

Water Resource Manager: Leslie Graser

City Manager: Craig McConnell

Background

The EZ Street Water Station is a location available to the public for purchase of potable water. The current charge for this water is \$1.00 per 1000 gallons. The City's 2015 Annual Water Withdrawal and Use report filed each year, as required by state laws, documents sale of 12 acre-feet at the facility.

The City's most recent Water and Wastewater Rate Study Report was completed, October 13, 2014. This report identifies that the City maintains a coin-operated water station that provides water based on a per thousand volume charge basis. Table 8 shows the Fiscal Year 2012- 2013 Water Customer Data (Attachment 1). The system-wide water use for the fiscal year was 1,972,364 kgal and the water use at EZ Street was 4,593 kgal. This water use represents a very small volume of the overall use (0.23%).

Cost comparison for water delivered to a City of Prescott metered customer verses the EZ Street water station. (Note that the cost of services for metered customers reflects volumes of water used, peak rates of demand, number of customers, fire protection requirements, and other relevant factors.)

	Metered customer (based on a 5/8" meter)	Water Station Customer (coin-operated machine)
Monthly charge*	\$14.13	\$0
Residential – SF		
First 3,000 gal	\$3.23 (\$1.08/1000 gal)	\$1.00(\$1.00/1000 gal)
Next 7,000 gal	\$4.85 (\$1.21/1000 gal)	\$1.00(\$1.00/1000 gal)

*Monthly meter charge and Aquifer Protection fee

Committee Recommendation to Council: Item for Committee discussion