

COUNCIL WATER ISSUES COMMITTEE
REGULAR MEETING
TUESDAY, June 30, 2015
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR MEETING OF COUNCIL WATER ISSUES COMMITTEE
HELD ON JUNE 30, 2015, in the LOWER LEVEL CONFERENCE ROOM, located at
CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

A. Call to Order.

Chairman Arnold called the meeting to order at 2:32 p.m.

B. Roll Call.

COUNCIL WATER ISSUES COMMITTEE MEMBERS:

PRESENT:

Chairman Charlie Arnold
Member Steve Blair
Member Jim Lamerson

ABSENT:

None

Staff present:

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

C. Approval of minutes of the March 31, 2015, Committee meeting

**MEMBER LAMERSON MOVED TO APPROVE THE MINUTES OF MARCH 31, 2015;
SECONDED BY CHAIRMAN ARNOLD; PASSED UNANIMOUSLY.**

D. Request for a second water meter for the McConaughy lot split located outside City limits

Chairman Arnold noted that Mr. McConaughy was present, as requested by Chairman Arnold.

Leslie Graser, Water Resource Manager, presented. She showed a map on the screen that indicated the history of the splits, which had been covered in previous meetings. She noted that prior and post 2010, the City of Prescott had denied the owner a second meter, based on City codes concerning water service outside the City limits. She noted that staff was required to honor the City Codes.

Ms. Graser said in the current situation, service had been provided to the property. A county lot split had occurred several times. There was more than one residential unit on the property. To have a resolution of the item would require a Code amendment to Section 2-1-8.

She noted that Chairman Arnold said that, more so than having an occupancy date, he wanted to see a construction date to be in the 1970's time frame. Ms. Graser said it now read, "Upon majority vote of the City Council upon showing sufficient proof that the strict enforcement of this section will create a permanent hardship to the property, with a construction date on or before January 1, 1980."

Member Lamerson said the City had been serving the property outside of the City limits for a long time with one meter, which under self-imposed hardship by the owner, decided to serve two buildings using one meter. That was a direct violation of the Code. He said the last time they were asked was because someone had done a lot split through the County and the City was now trying to develop an agreement/ water service agreement to allow for a vacation rental home type property to also be served, which was in violation of the Code. He noted that the City had a significantly challenged Alternative Water Supply. The subject property was not subject to Assured Water Supply since he did not have a preliminary plat from 1998 on. He said the City would now be subject to taking water away from properties in the City from the Alternative Water portfolio to deliver water to someone in violation of the Code.

Ms. Graser said many things occurred prior to Mr. McConaughy purchase of his property. When he purchased the property, he knew that he was buying two properties and he knew they were being served with one meter. To resolve the issue, the City would have to take supplies from the Alternative Water to be fair in the City's accounting system.

Member Lamerson said that it was apparent that the properties were being served for a long period of time. He noted that the City did not issue a building permit.

Chairman Arnold noted that there was a master parcel. There was the original rock house and a secondary house, both being serviced by one meter. A prior owner did a lot split and after Mr. McConaughy acquired the property, as part of transferring the parcel to the left to his daughter, which had an existing structure, he combined and then re divided the lot, which took place after a previous Council adopted the current ordinance related to water service outside the City. In this situation, there was reference to a second occupant on the water bills. He noted that the City knew there was more than one house, but may not have known that they were serving multiple houses from the one meter.

Mr. McConaughy said that when he bought the property in 2004, there were two parcels and two separate loans. He said if he did a title search on each property, he assumed everything would be fine. He said he was curious why there was only one meter. He sold off one parcel to his daughter in 2005. When his daughter bought the parcel, the property went back into one parcel, which he did not understand and then split back out. He noted

that the vacation rental was a six month rental. He said he would like to be able to sell the property at some point.

Member Lamerson said the citizens of Prescott did not create the problem. He said it would now open Pandora's Box and set up a tremendous liability for the water portfolio. He said the City did not have the water. People were paying taxes in the City, that the City was very challenged to supply water to.

Mr. McConaughy asked if a person could put a meter between the two parcels as a shared meter.

Chairman Arnold said they were there to deal with the addition of a meter, through a Code amendment, and if it was the appropriate action for the City to take.

Howard Mechanic, citizen, said if someone outside of the City limits wanted water, there was a provision that occasionally allowed them to bring their own water rights. He asked if that would be a possibility.

Ms. Graser said the City water policy said they could bring credits to the City with a 100 year supply.

Member Lamerson said they brought that up at the last meeting.

Chairman Arnold said if that were to happen, the City would still need a Code amendment to allow for the installation of a water meter. He asked what the City would do if the property owner provided the water and asked for a meter to serve it.

Ms. Graser said it would go through the water service agreement process.

Mr. McConnell said he suspected that the applicant would have to pay all fees, including a system impact fee, with the exception of the water resource development fee because they would be bringing the water.

Mr. Mechanic said that if he did not get the meter, he guessed that he would get City water by filling a tank full of water and driving it to his property. He noted that the cost was .25 cents per 100 gallons. He said it would cost \$12.50 for 5,000 gallons. He noted the City would provide that water, under present rules. He said it was an issue the City should look at before the issue escalated.

Chairman Arnold said the most viable solution would be for Mr. McConaughy to provide .35 acre feet of water and pay the fees, it would be a mechanism to receive a second water meter.

There was a discussion on what it meant for the property owner to obtain his own water. Chairman Arnold said he could purchase extinguishment credits on the open market.

Jon Paladini, City Attorney, said there was a prohibition in the current Code that said the City could not provide any new water meters outside of the City limits. He said there would still have to be a Code revision. Currently, the City could not provide the service even if he brought his own water right. There would have to be a hardship or substantial benefit to the City. He said it was a policy question, but substantial benefit did not necessarily mean a 1:1 trade off.

Member Lamerson said the substantial benefit would be that if he brought a water right to the City, they would eliminate 57 acre feet being taken out of a well on his property.

Mr. McConaughy noted that there was a capped well on the property.

Ms. Graser said the City was set up to do recharge and recovery. The City would not be recovering the supplies in the fashion they needed to uphold the Assured Water Supply, which was already challenged. Member Lamerson said the water service agreement could contemplate the future needs of the City. He noted that the City would require more than .35 acre feet of water.

Ms. Graser said staff looked at potential options, which included a Code amendment to be in line with supply and Public Works would look at what needed to happen with the yard line and recombine lots H and J. She noted that it was within City Code 2-1-24 that multiple structures could be served on the property with City Manager approval. If there was no change in Code, the City could maintain the service to one of the parcels H or J and the owner could drill a well on the other parcel.

Chairman Arnold said an early discussion regarding an amendment to the Code should be about water being brought into the City and not guaranteeing that it would be an automatic in for an annexation. He said that when they addressed that Code amendment, he would like staff to meet with Mr. McConaughy again to solidify what it would look like if he brought water to the City. He asked what it would mean to the City if someone came to the City with water and wanted service, whether they were in the City or not.

There was a discussion about water service.

Mr. Mechanic said it would be hard to create a policy because each situation was so different.

Chairman Arnold said the Code currently made it a benefit to bring water to the City. Mr. McConnell said it created a sense of entitlement.

Member Blair asked if the City charged more for water if they did not get the recharge. Mr. Graser said there was nothing in the Code to that effect.

E. Adjournment

There being no further business to discuss, the Water Issues Meeting of June 30, 2015 adjourned at 3:15 p.m.

CHARLIE ARNOLD, Chairman

ATTEST:

KIM WEBB, Deputy City Clerk