

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 5<sup>th</sup> the Council adopted an extension of the suspension until it was repealed. She said on April 19<sup>th</sup> there would be a Study Session of the full Council to introduce and hold a discussion of the draft policy. On May 3<sup>rd</sup> 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 3<sup>rd</sup> the Council will have before them fee changes, and she is proposing fee changes which would be filled in after the May 3<sup>rd</sup> 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.

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JIM LAMERSON, Chairman

ATTEST:

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DANA R. DELONG, City Clerk