

AGENDA

**COUNCIL WATER ISSUES COMMITTEE
NOTICE OF PUBLIC MEETING
Tuesday, January 3, 2017
9:00 a.m.**

**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, January 3, 2017, 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 December 6, 2016, Council Water Issues Committee meeting
- D. Alternative Water Portfolio Update
- E. Water Service Agreements
 - 1. Storm Ranch amendment (WSA 08-013)
- F. Big Chino Water Ranch, Comprehensive Agreement No. 1 Update
- G. Upcoming NAMWUA Discussion of Non-Indian Agricultural (NIA) water
- H. Council Water Issues Committee 2017 meeting calendar
- I. Adjournment

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, DECEMBER 6, 2016
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR MEETING OF THE COUNCIL WATER ISSUES COMMITTEE HELD ON DECEMBER 6, 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 9:00 a.m.

B. Roll Call.

COUNCIL WATER ISSUES COMMITTEE MEMBERS:

Present:

Chairman Jim Lamerson
Member Steve Blair (arrived at 9:07 a.m.)
Member Steve Sischka

Staff Present:

Michael Lamar, City Manager
Dana DeLong, City Clerk
Clyde Halstead, Assistant City Attorney
Craig McConnell, Regional Program Director
Leslie Graser, Water Resources Manager
Henry Hash, Public Works Director
Tom Guice, Community Development Director
Frank Hall, Planner

C. Approval of minutes of the November 1, 2016, Council Water Issues Committee meeting

COUNCILMAN SISCHKA MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 1, 2016, WATER ISSUES COMMITTEE MEETING; SECONDED BY MAYOR PRO TEM LAMERSON; PASSED 2-0.

D. Alternative Water Portfolio Update

Leslie Graser, Water Resources Manager presented the item. She gave an update of the amount of Alternative Water that remained for new development. She said for the

balance of the Calendar Year 2016, 125 acre-feet in the Market category, and 100 acre-feet in the Workforce category were made available. The Market was currently at 23.15 acre-feet, and the Workforce was at 11.56 acre-feet. She said it reflected 124.5 acre-feet that was placed into contract. The 5.25 acre-feet on agenda was either administratively approved, or in the case of the 5.0 acre-feet project, it would be prepared to go to Council (subject to Committee recommendation).

Ms. Graser said depending on the outcome of the items on the Water Issues Committee agenda the Market would drop to 22.80 acre-feet, and the Workforce to 7.17 acre-feet.

Councilman Sischka asked if they could move the amounts that were left over into next year. Ms. Graser said that was part of the policy discussion later on agenda.

E. Water Service Agreements

1. Cortez Apartments (WSA 16-023)

Ms. Graser said the location of the project was on Cortez Street just north of Gurley, it was the former Athletic Club. The applicant sought to do six apartments and two commercial units. She said the total water allocation for the project would be 1.5 acre-feet. The two commercial store-front units would not require allocation of additional alternative water supplies, as they were consistent with the 0.1 acre-foot markup. Staff proposed a 1.5 acre-foot contract for the six apartment units.

Mayor Pro Tem Lamerson said it met all the criteria of the general plan, and all the criteria of redevelopment of concepts that had been discussed for extending residential components in the downtown area.

The Committee recommended that the water service agreement request be sent to the full Council for consideration.

2. Steve Reid (WSA 16-024)

Ms. Graser said this was not an action item, but was brought forward so the Committee was aware that the water was moving out of the portfolio. She said the project was known as Pine Acres of Prescott and was a multi-family on Park Street. They had an existing use on the property that consisted of eight multi-family units and one single-family unit all constructed before 1998. They were proposing one more single-family unit on the property.

Ms. Graser said it was a quantity of 0.35 acre-feet, and due to it being less than four units, it could be administratively approved. She said this was an informational item only and did not need a recommendation.

Councilman Blair arrived at 9:07 a.m.

3. Creekview Village Apartments (WSA 16-025)

Ms. Graser said the project was known as Creekview Village Apartments, and the location of the property was along Miller Valley Road. It was currently zoned as Industrial Light (IL). The applicant was seeking a rezone of the property to Business Regional (BR) to include a request to amend the 2015 General Plan to change the land use designation from Industrial to Commercial. She said that the water requirement for the 70-unit workforce housing apartment complex was 17.5 acre-feet. The applicant was seeking water for Phase 1 of the project, which was 22 units consisting of six module style apartment complex. Ms. Graser said of the 17.5 acre-feet needed they were seeking 5.5 acre-feet.

Councilman Sischka asked for an explanation of the flood plain and said it looked like a portion of the creek went through it. He said he would hate to allocate water for it without it being discussed.

Frank Hall, Planner, said the entire project for the 4 almost 5 acres could have many more units than they were proposing. He said because of the flood plain, or the flood way which was worse than the flood plain, the applicant was proposing to put the buildings for the apartments near the front of the property on Miller Valley Road. He said all of the structures on the site plan would be out of the flood plain and out of the flood way. He said the only encroachment into the flood plain would be a trail access easement and a small portion of the parking. None of the structures were in the flood plain.

Councilman Blair asked for Mr. Hall's definition of a modular unit. Mr. Hall said rather than having one enormous building, to break it up for the traffic flow, each building had twelve units in it.

Mayor Pro Tem Lamerson said the project followed the general plan, and was also part of the strategic plan. Ms. Graser said they worked with the property owner to bring all the pieces together.

The Committee recommended to forward consideration of approval of the water service agreement for Phase 1 of the Creekview Village, consisting of 22 apartment units to the Council.

F. City Water Management Policy and Calendar Year 2017 Alternative Water Allocation

Ms. Graser presented. She said the policy contained basic information for the next four years, looking at 2017 through 2020. She said they worked with a framework structure, which was a majority of the document. Section five was to be updated yearly because that contained the yearly volume available and its associated policies.

Councilman Blair asked if she was looking at this as a four year long-range policy. Ms. Graser said yes, because the general framework such as the state laws and the physical system would not change in the next four years.

Councilman Blair thought when there the Council changed their attitudes and obligations might change as well. He said obligating another Council to the requirement of state law was fine, but other than that he did not know how you would go too far out.

Ms. Graser said the framework was the state laws that generally did not change, and the documents that were integrated into the document such as the General Plan stayed the same for a period of time. As Councils change or conditions change, Section 5 had the flexibility to change. Mayor Pro Tem Lamerson said a plan was subject to change just as circumstances changed.

Ms. Graser talked about the process for adoption. The plan had been presented to the Committee, presented at a Council study session, and then it would be scheduled for a Council voting session.

Ms. Graser said the City had a large portfolio for the size of the community. What the Committee was working with was the alternative block, specifically the effluent supplies and the surface water supplies. She said in the reservations and the general pool there was activity for the Council to determine how the water would be handled. She talked about the groundwater side of the portfolio which was subject to State laws, not to be allocated by City policy. They were looking at things that could be built now or in the future.

Craig McConnell, Regional Program Director, commented that the City was not running out of water, and had allocated substantial quantities of water for growth that had not occurred. The amount of uncommitted or unallocated water was being reduced, and if or when the Big Chino project was implemented then that would raise additional quantities. He said as of today there were over 10,000 watered, yet un-built lots. This was groundwater and alternative water.

Ms. Graser went through the policy to make sure it was in the order the Committee expected it to go to the Council. Discussion was held regarding the components of the policy document.

Ms. Graser gave information regarding the 2017 alternative water supplies for placement into contract, and the reservations.

Direction was given to recommend the City Water Management and Calendar Year 2017 Alternative Water Allocation Policy for Council consideration.

G. Water Education Series for Calendar Year 2017

The item was not discussed.

H. Adjournment

There being no further business to be discussed, the Council Water Issues Committee adjourned the Public Meeting of December 6, 2016, at 9:41 a.m.

JIM LAMERSON, Chairman

ATTEST:

DANA R. DeLONG

COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO
January 3, 2017

DEPARTMENT: City Manager (Water Resource Management)

AGENDA ITEM: Alternative Water Portfolio Update

Approved By:

Date:

Water Resource Manager: Leslie Graser

Regional Programs Director: Craig McConnell

Summary

On December 13, 2016, the City Council adopted Resolution No. 4368-1577, approving the City Water Management and Calendar Year 2017 Alternative Water Allocation Policy (Policy). The effective date of the 2017 Policy is January 1, 2017, through December 31, 2017.

As of January 1, 2017, of the 170 acre-feet (AF) budgeted for Calendar Year 2017, 70 AF is intended for new residential contracts while the remainder, 100 AF, is identified for commercial.

This being the first City business day of 2017, no requests for alternative water have been received in 2017 and are ready for Committee discussion at this meeting. The two budget balances remain as shown:

1. Residential 70.00 acre-feet
2. Commercial 100.00 acre-feet

Note that the proceeding information solely provides tracking of the residential and commercial categories of the budget for 2017. The total volume described in the current Policy identifies and categorizes available supplies at 311 acre-feet. Recall this volume, also includes:

- 100 acre-feet side aside for a contractual obligation
- 41 acre-feet for the remaining Exhibit A projects

Committee Recommendation to Council: Update for Committee information.

COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO
January 3, 2017

DEPARTMENT: City Manager (Water Resource Management)

AGENDA ITEM: Request to amend City Contract No. 2008-013 by LandCor Group for property known as the Storm Ranch Middle Parcel (APNs 105-05-006Y, 105-05-001B, and 105-06-002)

Approved By:

Date:

Water Resource Manager: Leslie Graser

Regional Programs Director: Craig McConnell

Summary

On December 5, 2016, LandCor Group submitted a letter to the City requesting to amend its existing water service agreement, City Contract No. 2008-013. The contract holder seeks a one-time extension for one (1) year in accordance with the City's Water Management and Calendar Year 2017 Alternative Water Allocation Policy. The new expiration date would be July 10, 2018.

Background

On July 10, 2007, City Council adopted Resolution No. 3827-0801, entering into a Development Agreement and Water Service Agreement for the Storm Ranch Middle Parcel. The project consisted of 292 acres with the intent of constructing a 227 single family unit subdivision. The water contract expiration date is July 10, 2017. No other changes to the Development Agreement or Water Service Agreement are being requested.

Attachments

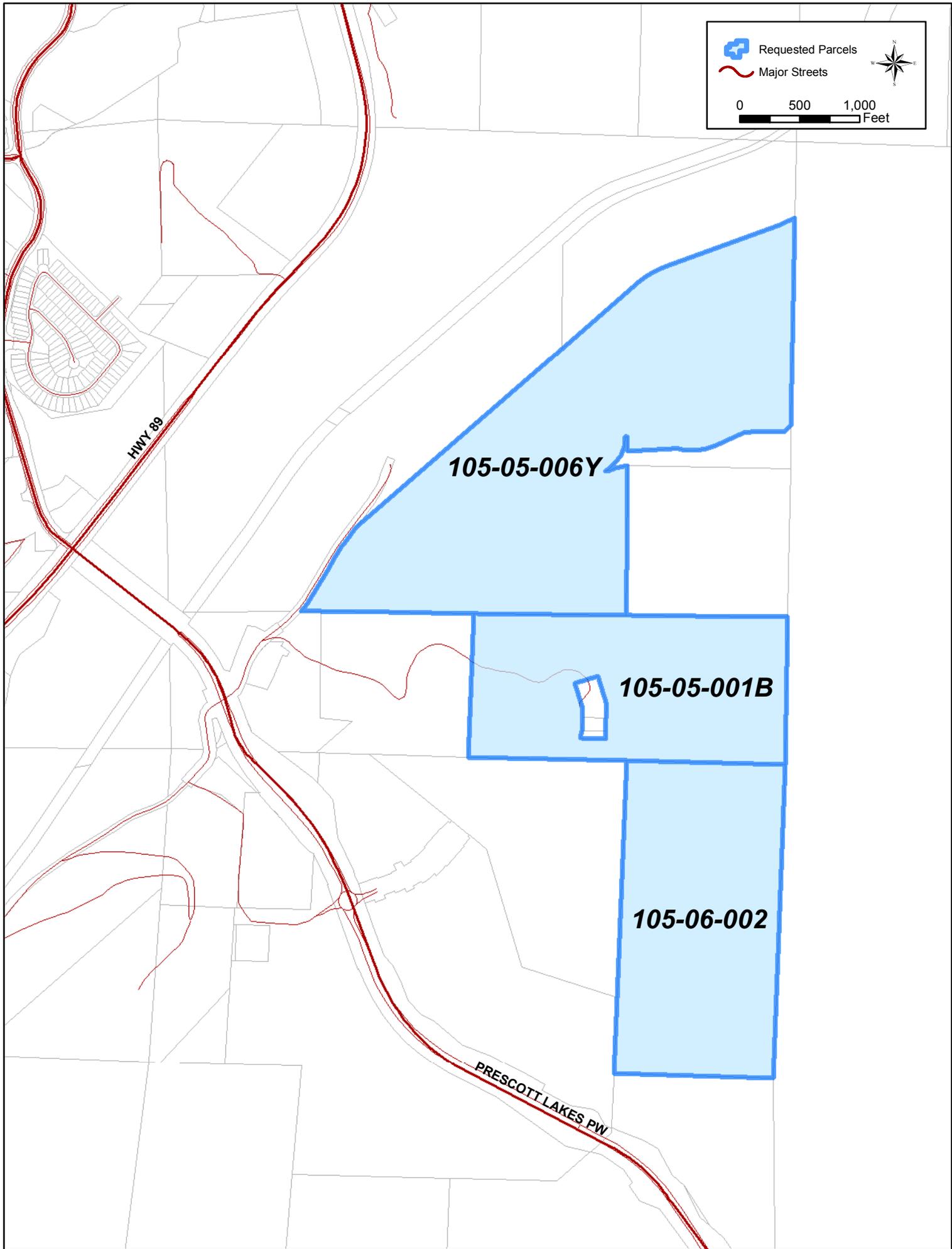
- 1) Location Map
- 2) Development Agreement, Exhibit E (Construction Phases)
- 3) LandCor Group letter dated December 5, 2016

Committee Recommendation to Council: The Committee recommends (or does not recommend) consideration by the City Council of approval to amend City Contract No. 2008-013, to extend the water service agreement for one (1) year, to July 10, 2018.

Requested Parcels
Major Streets



0 500 1,000 Feet



LandCor Group
325 W Gurley Street Ste 201
Prescott, AZ 86301

Tom Guice
City of Prescott
201 S Cortez Street
Prescott AZ, 86301

Subject: Storm Ranch

December 5th, 2016

Mr. Guice,

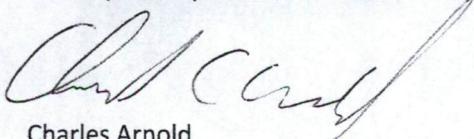
On November 21st we had an opportunity to meet again with your department and discuss the Storm Ranch project. As you are aware a group we represent is in the process of purchasing the project, to date we have retained the engineering services of Hoskin Ryan to complete the engineering plans and final plat for the project. Our group is working diligently to bring this project to the market in 2017.

As we discussed the Development Agreement, Water Services Agreement, and Preliminary Plat (the "Entitlement Documents") are scheduled to expire on July 10th, 2017 unless the Final Plat is approved by the City. We are working diligently to ensure that the Final Plat is ready to record prior to that date but, with recent experiences on other projects with the City, we do not have 100% certainty that the date will be met.

There is significant work to be done on both sides to meet the deadline above. To protect all parties from the risk of losing valuable entitlements and ensure the intent of the Entitlement Documents are fulfilled in the event that one or more individual or department expose either side to unforeseeable delays, we request that your department assist us in facilitating the process of extending the Entitlement Documents by one year. In a recent water issues committee meeting, city staff was quoted as saying "the current water policy allows them to request a one year extension" referring specifically to this project and its current water allocation.

While the project has been dormant for some time, the intent and purpose of this extension is not to buy more time for inaction. Our group has recently put the property under contract to purchase and has already begun investing extensive resources to bring this project to the finish line. This extension will allow for the Developer and the City to make thoughtful decisions on the design work and ensure that proper budgeting of City improvements can take place. Please advise us on how you see this request proceeding forward as we continue complete the design work.

Thank you for your consideration of this matter.



Charles Arnold
Landcor Group

cc. N. Malouff, Landcor Group
Chris Reed, Land Resources for the Owner
Leslie Graser, City of Prescott Water Resource Manager

COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO January 3, 2017
DEPARTMENT: City Manager (Water Resource Management)
AGENDA ITEM: Big Chino Water Ranch Update

Approved By:	Date:
Water Resource Manager: Leslie Graser	
Regional Programs Director: Craig McConnell	

Summary

The Big Chino Water Ranch (BCWR) is comprised of 4,582.1 acres (7.2 sq. mi.) of deeded lands and 1,948.6 acres (3.0 sq. mi.) of Arizona State Land within Yavapai County. The ranch is within the Big Chino Sub-basin of the Verde River Watershed, defined by the State of Arizona to comprise 1,850 square miles of private, state and federal land ownership. The City of Prescott is a 54.1% partner and the Town of Prescott Valley a 45.9% partner in water from the BCWR. Arizona Revised Statute §45-555, the transportation of groundwater from the Big Chino Sub-basin for use inside the PrAMA.

Two agreements have been entered into by the City of Prescott, Town of Prescott Valley, the Salt River Project Agricultural Improvement & Power District, and the Salt River Valley Water Users' Association.

- Agreement in Principle (February 11, 2010) - A conceptual framework which set forth principles guiding the parties and forming the basis for more detailed future agreements addressing specific terms including groundwater modeling, groundwater and surface water monitoring, and mitigation (if necessary) associated with future pumping from the City's Big Chino Water Ranch and importation of water into the Prescott Active Management Area.
- Comprehensive Agreement No. 1 (October 5, 2012) - An agreement that addresses monitoring and modeling in the Big Chino Sub-Basin, with the addition of mutual recognition of certain water rights arising from the Prescott Active Management Area.

Contracts for Scientific Data Collection and Analysis

The City began executing these contracts in accordance with Comprehensive Agreement No. 1 in early Calendar Year 2013. These are the contracts that are active:

Contract No.	Short title	Purpose
2014-001	Ephemeral stream-flow monitoring	Improved groundwater recharge estimates
2014-160	Geophysical monitoring	Improved aquifer structure data and hydraulic properties
2016-296	Well assessment	Selection of monitor wells as early warning locations for impacts, if any, on the Verde headwaters
2017-143	Geochemical monitoring	Improved groundwater flow pathways in basin and to Verde headwaters

The contracts are necessary to further build existing data sets or collect new datasets necessary to inform a groundwater flow model. In late February 2017, the Parties to the Comprehensive Agreement No. 1 are planning to seek Council approval for a contract to commence modeling of the Big Chino Sub-basin groundwater flow.

Committee Recommendation to Council: Update for Committee information.

COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO
January 3, 2017

DEPARTMENT: City Manager (Water Resource Management)

AGENDA ITEM: Council Water Issues Committee 2017 meeting calendar

Approved By:

Date:

Water Resource Manager: Leslie Graser

Regional Programs Director: Craig McConnell

Summary

The Council Water Issues Committee meets monthly on the first Tuesday, at 9:30am. These are the dates for the 2017 meetings:

January 3 rd	February 7 th	March 7 th	April 4 th	May 2 nd	June 6 th
July 4 th	August 1 st	September 5 th	October 3 rd	November 7 th	December 5 th

On July 4, 2017, City offices will be closed in observance of Independence Day. The selection of an alternate meeting date is recommended.

Committee Recommendation to Council: Update for Committee information.

