

COUNCIL WATER ISSUES
COMMITTEE
REGULAR MEETING
TUESDAY, SEPTEMBER 5, 2017
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR MEETING OF THE COUNCIL WATER ISSUES COMMITTEE HELD ON SEPTEMBER 5, 2017, in the LOWER LEVEL CONFERENCE ROOM, located at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

A. Call to Order.

Mayor Pro Tem 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 10:42 a.m.
Member Steve Sischka

Absent/Excused

Staff Present:

Michael Lamar, City Manager
Virginia Mefford, Deputy City Clerk
Clyde Halstead, Assistant City Attorney
Craig McConnell, Regional Programs Director
Leslie Graser, Water Resource Manager

C. Approval of minutes of the August 1, 2017, Council Water Issues Committee meeting.

The consensus of the Committee was to move the minutes to the next meeting date for approval.

D. Alternative Water Portfolio Update

Leslie Graser, Water Resource Manager, presented on the Alternative Water Portfolio. In summary, for Calendar Year 2017 (January 1, 2017, through December 31, 2017), alternative water was made available ("budgeted") by Council in the categories below; the current remaining unallocated balances are also indicated:

	<u>Budget</u>	<u>Amount of Budget Remaining</u>
1. Residential	70 acre-feet	25.56 acre-feet (AF)
2. Commercial	100 acre-feet	100 acre-feet

No single project is eligible for allocation of more than 50% of the applicable preceding quantity (residential or commercial), or of the remaining balance during the calendar year.

At year-end 2017, if the preceding quantities are fully allocated, 50 AF would be the opening balance for Calendar Year 2018 according to the policy adopted December 13, 2016, which identified an annual transfer of 50 AF from the vacant, residentially zoned tract reservation (until that reservation is extinguished). The actual volume for 2018 may be more than 50 AF, depending upon any unallocated, year-end 2017 balance.

She said there were three Water Service Agreement (WSA) requests on the agenda: Olague, Ottman, and Vibrant Building Solutions.

Mr. McConnell commented that 12.35 AF would be deducted if Council approves the U.S.VETS WSA request at their September 26, 2017, meeting.

E. Water Service Agreements

1. Daniel and Whitney Olague (WSA17-017)

Ms. Graser said Water Service Agreement Application No. WSA17-017 was submitted July 18, 2017, by Daniel and Whitney Olague, seeking service for a new single-family residence on their property located within the Chino Valley Irrigation District (CVID). The subject parcel was split from APN 306-23-028B, from which appurtenant Irrigation Grandfather Rights (IGFR) were sold to the City by the Edward O. Holmes and Carolyn Sue Holmes Revocable Trust via the 1998 Intergovernmental Agreement (IGA) between the City and CVID.

Water for eligible CVID properties is held as a reservation within the City's Water Portfolio. The Water Service Agreement is an accounting means for tracking how much has been allocated from the reservation. Accordingly, in this case, alternative water from the Calendar Year 2017 residential budget will not be required.

The IGA provides for availability of eligible CVID properties to City water on the basis of 0.25 acre-foot (AF) per acre. The Olague property is exactly 1 acre in size; hence, the effect of this water service agreement will be to reduce the reservation by 0.25 AF. Per policy, the request may be approved administratively by the City Manager.

2. Michael and Meghan Ottman (WSA17-018)

Ms. Graser said Water Service Agreement Application No.17-018 was filed by Mark Peugh, architect for the Ottmans, on July 27, 2017. One single-family residence and multiple out-buildings are presently on the site. The out-buildings will be demolished, and the single-family remodeled and connected to City water. On APN 103-01-035B there is an existing well. Through Yavapai County, the property owner created a small, new parcel solely for the well. The well water is currently being used on a neighboring

property and will not be abandoned at this time. As such, the water service agreement will require alternative supplies; the City water meter will not be installed until the service line from the well to APNs 103-01-035B, 103-01-037D, 103-01-037F and 103-01-036 have been disconnected.

The project is located within the City limits, but not a platted subdivision. Allocation of 0.25 acre-foot of alternative water is necessary to provide service, which would be consistent with the Water Management and Calendar Year 2017 Alternative Water Allocation Policy.

Per policy, this request may be approved administratively by the City Manager.

3. Vibrant Building Solutions (WSA17-019)

Water Service Agreement Application No. 17-019 was submitted August 4, 2017, by Vibrant Building Solutions, LLC, the property owner. Currently, one single-family house is on the site. Vibrant Building Solutions, LLC, will be removing another house from a lot on Cortez Street, and transporting it to 739 Ruth Street for a second dwelling unit.

The property is located in the Dameron Tract subdivision, now zoned multi-family, and an additional single-family residence is allowable by the zoning. Said parcel was split in 1995 before the 1999 Decision & Order of Assured Water Supply. It does not have sufficient area to be split into two smaller lots, unless specially approved by Council.

As a parcel with grandfathered groundwater, the current residence is eligible for 0.35 acre-foot (AF). An additional allocation of 0.15 AF is needed to support the second dwelling unit. Upon placement of the second dwelling, both units will be classified as multi-family rather than single-family.

Per policy, this request may be approved administratively by the City Manager.

F. Request of Granite Dells Estates Properties, Inc., for Approval of Granite Dells Estates Master Plan Amendment MP17-002, Preliminary Plat PP17-001 for Granite Dells Estates Phase II, and Amendment No. 2 to the Water Service Agreement, City Contract No. 2008-165

Mr. McConnell presented this item for Committee consideration of Amendment No. 2 to the Water Service Agreement for Granite Dells Estates, City Contract No. 2008-165. The Master Plan Amendment and preliminary plats, which drive the quantity of water needed for the development, have already been addressed by the Planning & Zoning Commission.

The owner has requested a Master Plan Amendment and approval of a Preliminary Plat that would result in an overall increase of 91 lots for a build-out total of 1,399 residential units in Granite Dells Estates.

The current availability of alternative water for Granite Dells Estates is set forth by Amendment No. 1 to City Contract No. 2008-165, providing a maximum of 248.5 acre-feet (the "Cap"). This quantity of water was less than the total necessary for build-out of the master plan approved at that time, pending demonstration of substantial progress in developing the project.

By letter dated August 19, 2016, the property owner requested that the water service agreement be amended for build-out of 1,090 single-family units and 309 multi-family units (a total of 1,399 units). At the unit allocations for residential development in effect at that time, the total water required for the 1,399 units was 458.75 acre-feet (an additional 210.25 acre-feet above the Cap of 248.5 acre-feet). The request was presented to the Council Water Issues Committee at the September 6, 2016, and November 1, 2016, meetings, after which the Committee referred it to the City Council Study Session of December 20, 2016. Direction was provided by the Council at that time to work with the owner toward resolution of the request.

Following the December 20, 2016, Council meeting, the subject Master Plan Amendment (MP17-002) and Preliminary Plat (PP17-001) requests were considered by the Planning & Zoning Commission. At their meeting of April 13, 2017, the Commission voted to recommend approval of these items by the City Council.

By Amendment No. 1 to the "Water Management and Calendar Year 2017 Alternative Water Allocation Policy" (Resolution No. 4380-1589, May 9, 2017), the unit allocations of alternative water for residential development were revised. As it relates to the Granite Dells Estates project, the effect of the change was to reduce the alternative water required for build-out of the Master Plan Amendment (MP17-002) from 458.75 to 292.58 acre-feet, or 44.08 acre-feet above the current Cap of 248.05 acre-feet:

Single-Family

Existing Phase 1A	208 Lots	.35 AF/DU	72.80 AF	
Existing Phase 1D	12 Lots	.35 AF/DU	4.20 AF	
Future Lots (< 2 acres)	780 Lots	.20 AF/DU	156.00 AF	Water Efficient Unit Allocation
Future Lots (≥2 acres)	90 Lots	.25 AF/DU	22.50 AF	
<u>Multi-family</u>	<u>309 DUs</u>	.12 AF/DU	<u>37.08 AF</u>	Water Efficient Unit Allocation
	1,399 units			
Total Water Required			292.58 AF	
Total Water Currently Vested			248.50 AF	
Difference (additional needed for build-out)			44.08 AF	

By the aforementioned letter dated August 19, 2016, the property owner further requested that the additional alternative water needed (at that time 210.25 acre-feet

above the Cap) be allocated in blocks of 50 acre-feet per year, beginning in Calendar Year 2019.

Should the Council choose to amend the Water Service Agreement to provide the reduced additional quantity of 44.08 acre-feet now necessary for build-out (augmenting the 248.50 acre-feet currently vested), the two potential sources identified in the December 20, 2016, Study Session remain available: (1) the reservation for Vacant, Residentially Zoned Tracts, the balance of which was 381.3 acre-feet on January 1, 2017; and/or (2) the City's long-term storage credits account, totaling approximately 200 acre-feet. There would be no need to wait until 2019 to allocate the requested water.

Mayor Pro Tem Lamerson expressed concern regarding the request relative to the overall impact on water availability, and City policy for allocating it.

Mr. McConnell reviewed previous policy discussions, in particular the question of how long the City should lock up alternative water for lands, in particular undeveloped, residentially zoned tracts within the City limits, for which there has been no indication of development. That question has been answered in current policy by incrementally eliminating the reservation for such lands over the next few years, and directing the water to active development that is consistent with the General Plan.

Mike Fann, the property owner, said most of the changes in land use for which the additional alternative water is being requested were already approved in 2013 by City Council: the present master plan amendment only involves 91 new lots of the proposed build-out total of 1,399 dwelling units, for which the associated additional water demand is 18 AF.

Mayor Pro Tem Lamerson asked if staff was okay with the 18 AF figure. Mr. McConnell replied yes: Council has already approved the land use for all but the 91 lots, and their associated water demand.

Clyde Halstead, Senior Assistant City Attorney said that performance requirements could be specified for the additional alternative water requested. Mayor Pro Tem Lamerson said that was something that could be brought to the full Council.

Michael Lamer, City Manager, said that the standard City performance requirements for water service agreements are not set in stone. Mayor Pro Tem Lamerson said he understood what Mr. Fann was trying to convey, and he did want the development to move forward.

Mr. McConnell said that typical performance requirements for smaller projects, such as obtaining building permits within one year, and certificates of occupancy two years later, do not work for large-scale, master planned developments that require more time to prepare and build-out. Due to the extensive infrastructure involved, bank financing of the cost necessitates that the developer have entitlements firmly in place, including

water, and adequate progress is made in constructing the infrastructure, grading the lots, and building residences within a considerably longer period.

Councilman Sischka asked if staff was recommending that this item be moved on to the full Council for a decision. Mr. McConnell confirmed that was the recommendation, for the water service agreement request to go to Council on September 26th..

The consensus of the Committee was to move the request to Council for a decision.

G. City of Prescott 2018 Water Education Program

Ms. Graser presented. She said in 2018, the Water Resource Management Division will initiate a new water education campaign of monthly water and water conservation topics for print, radio, and social media dissemination. The program kickoff is January 17, 2018, in the Founders Room of the Prescott Public Library.

Ms. Graser continued that the Water Resource Management Division has cognizance for local administration of the City's Decision and Order of Assured Water Supply (1999, 2015, and 2009 forward) issued by the Arizona Department of Water Resources (ADWR).

Since territorial times, the City has employed conservation in its water management approach. As presented in the Water Management and Calendar Year 2017 Alternative Water Allocation Policy, as amended, City progress in conserving water supplies from 2002-2016 has been dramatic: reduction of water use from 180 to 115 gallons per capita per day (gpcd).

To date, 434,000,000 gallons have been saved through purchase and installation of retrofitted water-saving devices. Since new construction is required to comply with the international plumbing code for such devices, the actual conservation savings are much greater.

Councilman Lamerson asked if the City draws from the same aquifer as Skull Valley. Ms. Graser replied no, they were in different basins.

Adopted by the City in 2006, the WaterSmart-branded conservation program included a full-time Water Conservation Coordinator, whose responsibilities encompassed marketing and overseeing a conservation incentives program. From 2006-2013, related campaigns were launched including WaterSmart Landscaping (formerly known as Prescott Outdoor Living). Over the past two years, the Division has been assessing this program to determine how the community might benefit from fresh information and new conservation strategies. Water Resource Management proposes to: (1) renew the WaterSmart Program; and (2) introduce WaterSmart: Drop by Drop.

Water Resource Management will introduce the new education campaign in January 2018

- A monthly presentation will be offered at the library followed by a Q&A session for the public (adults and young adults)
- Each month will feature an important water topic for Prescott water customers
- A factsheet will explain each topic, and be posted on the City website, distributed to the community, and provided to news outlets.
- The presentation will be advertised by news media, radio, social media, and other community outlets may advertise the presentations.
- Program effectiveness will be monitored and reported to the Committee.

Councilman Sischa asked whether the Watson and Willow Lakes Reservoirs would be included in the educational program. Ms. Graser responded that they can be, many topics can be covered. The Water Resource Management Division will begin with a very basic program, basically like building blocks. Councilman Sischa said it would be effective to incorporate local content to which community members can relate, such as for every action there is a consequence. Ms. Graser agreed.

Ms. Graser described the renewed WaterSmart program: education for adults and K-12, conservation incentives, and reduction of outdoor water use (WaterSmart Landscaping).

Mayor Pro Tem Lamerson said he was pleased with how far the community has come on water conservation. He asked how much water has been used and how much has been recharged. Ms. Graser said that the City was pumping about 7000 AF of groundwater per year, and recharging 2600 AF. She said that another factor will be affecting net groundwater withdrawal and aquifer safe-yield, the permanent recharge required by Proposition 400. Mr. McConnell added that safe-yield is a goal of the entire AMA, and pointed out that in addition to the figures Ms. Graser presented, there is natural recharge from rainfall. Councilman Blair commented that safe-yield is a goal of the entire Prescott AMA, not just the City of Prescott.

Mayor Pro Tem Lamerson observed that the City was recharging a substantial amount in comparison to groundwater withdrawal. Mr. McConnell said that moving forward, the Big Chino project represented another source of supply, and one that the AMA has identified as being necessary to reach safe-yield.

Ms. Graser presented an overview of the City water conservation program in recent decades.

Conservation Program Facts

- Various water conservation programs have been in effect since 1981, adjusting to community needs and state requirements.
- Through education, conservation incentives, tiered water rates, and other methods, the City has achieved a reduction in water use.

Water Conservation History

1981	Energy and Resource Task Force (ERTF) created a low-water use native plant list for the Prescott area (A.R.S. § 45)
1982	Water Conservation Code as adopted for purpose of establishing maximum flow rates for plumbing fixtures (Ord. No.1596)
1992	Incentive Program established to provide rebates (Ord. No. 2377)
2004	Water Conservation Committee formed to review Conservation Code and Program
2005	A full-time Water Conservation Coordinator hired
2006	Water Conservation Code amended <ul style="list-style-type: none">- Time of day watering restrictions- Tiered water rates adopted (Ord. No. 4523)- Water Conservation Incentive Program updated
2008	Total groundwater pumped to serve customers has decreased each year, even with a growing population
2009	Public education program and five Best Management Practices (BMP) under State regulation implemented.
2016	Rainwater harvesting rebate increased from \$0.10/gal to \$0.50/gal of storage

Councilman Sischka asked if water allocation and use could be tracked geographically. Ms. Graser said that could be done using the City's Geographic Information system (GIS).

Ms. Graser said the City currently provides funding assistance to Yavapai Cooperative Extension's Wild Over Water (WOW) program, bringing a four-part education series into local 4th grade classrooms to teach children the importance of water

- Part 1: *The Incredible Journey*, Earth's hydrologic cycle
- Part 2: *Branching Out*, what a watershed is
- Part 3: *Groundwater*, how surface water and groundwater are connected
- Part 4: *Then & Now*, accessibility to and usage of water now and in the past

WaterSmart: Drop by Drop. Water Resource Management will introduce the new education campaign in January 2018 for adults and young adults, and each month feature an informative water topic. A factsheet will be provided, and the presentation advertised via the news, radio, and social media, and other community outlets; the program effectiveness will be monitored and reported to the Committee.

Mayor Pro Tem Lamerson suggested making the presentations in additional venues. Ms. Graser said that will be looked at when the series is underway.

Councilman Blair raised the possibility of providing an incentive for developers to reduce water usage in the commercial and residential developments they build. Ms. Graser noted that there is now a water-efficient residential development category that reduces the amount of water required to be allocated for each dwelling unit. Councilman Blair

also asked about how the City might facilitate capturing runoff from development and putting it to use. Mr. McConnell commented that this was a sensitive subject due to water rights and the potential impacts on reservoir storage, and would require that the water right holders and providers benefit as well.

H. Discussion of Water Conservation Incentives

Ms. Graser presented. She said that Prescott City Code 3-10-8, which sets forth water conservation incentives, was last updated September 13, 2016 (Ordinance No. 5002-150). The changes increased the rainwater cistern incentive (\$0.10/gal to \$0.50/gal) and the maximum award (to \$500.00); the minimum qualifying capacity remained at 100 gallons. Further code changes have since been proposed by Council members.

She explained that the City has had a Water Conservation Code since November 1964 (Ordinance No. 687). A new water conservation program adopted in 2006 is the basis for the one presently in effect. The incentives section provides that:

The Water Conservation Coordinator and Water Issues Committee shall from time to time review the incentive program, and may recommend changes to the City Council.

At their Voting Meeting of May 9, 2017, the Council adopted Resolution No. 4380-1589, amending the "Water Management and Calendar Year 2017 Alternative Water Allocation Policy." The resolution included the following direction regarding rainwater harvesting:

Section 3 THAT the Water Resource Management Division shall conduct additional research, engage appropriate stakeholders and experts, and report to the Council Water Issues Committee, and said Committee shall provide a recommendation and/or alternatives to the Council within sixty (60) days of the date hereof, for further consideration of rainwater harvesting as it relates to unit allocations for residential development.

Water Resource Management presented findings for the 60 day milestone at the Council Study Session of July 25, 2017, and recommended revisiting City rainwater harvesting policy when one full year of data is available at 50% build-out of the Antelope Crossings subdivision.

Additional discussion of the rainwater harvesting incentive ensued, and Council direction was given thereafter to review the existing code for possible updates to the rainwater harvesting provisions, and incentive program, more generally.

The purpose of today's discussion is to identify possible code changes, for subsequent refinement and transmittal to the City Council.

Councilman Blair asked if the incentive applied to new or existing rainwater harvesting systems, or both. Ms. Graser said that it was for new systems: the homeowner fills out an application, and attaches pictures and receipts of the installation.

Ms. Graser presented draft edits to the Water Conservation Code provided by Mark Woodfill, Finance Director. Councilman Sischka said it was important to understand the intent of the proposed code change relative to rainwater harvesting. . He said he received a request for an incentive award for a rainwater harvesting system installed by an individual talented enough to build it on his own from various parts rather than it being purchased from a supplier. Councilman Sischka questioned whether the present incentive was directed toward conservation, or the purchase of equipment. Mr. Lamar and Councilman Blair expressed support for the primary goal of conserving water, without the means of doing so necessarily involving the purchase of equipment.

Councilman Blair commented that rainwater harvesting conservation incentives should not be awarded retroactively. Councilman Sischka described a conversation wherein a homeowner came to him and asked if they qualified for the rebate; he told them to turn it in and see what happens. They did, but the application was rejected because they could not provide receipts for the system installation, plus they had put it in about six years ago..

Leslie Hoy, citizen, asked if the date in the ordinance was correct. Ms. Graser said that it would be checked. They would take a look at it.

Mayor Pro Tem Lamerson commented that in view of the discussion, it may be time for a change.

F. ADJOURNMENT

There being no further business to discuss, the Council Water Issues Committee adjourned the Public Meeting of September 5, 2017, at 11:12 a.m.

JIM LAMERSON, Chairman

ATTEST:

Maureen Scott, City Clerk