

COUNCIL WATER ISSUES
COMMITTEE
REGULAR MEETING
TUESDAY, MAY 2, 2017
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR MEETING OF THE COUNCIL WATER ISSUES COMMITTEE HELD ON MAY 2, 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: 9:01a.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 Resources Manager

C. Approval of minutes of the April 4, 2017, Council Water Issues Committee meeting.

COUNCILMAN SISCHKA MOVED TO APPROVE THE MINUTES OF THE APRIL 4, 2017, WATER ISSUES COMMITTEE MEETING; SECONDED BY MAYOR PRO TEM LAMERSON; PASSED 2-0.

D. Alternative Water Portfolio Update

Leslie Graser, Water Resource Manager, gave a presentation on the Alternative Water Portfolio.

Councilman Sischka asked how many acre-feet were budgeted for commercial, and how that was allocated.

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Ms. Graser said it would depend on whether the quantity for a particular development proposal was 5 acre-feet or more, in which case a water service agreement approved by Council is required. The focus would be on development with relatively high estimated water use.

Councilman Sischka asked if water was budgeted but left over at the end of a calendar year, whether it could be rolled over into the next year.

Ms. Graser said that is looked at in the September-October timeframe, when initial work begins on formulating a draft alternative water budget for the subsequent calendar year. Councilman Sischka asked if any such unallocated water could be made available for residential development.

Craig McConnell, Regional Programs Director, said it was not a use it or lose it system: unallocated water remains in the Water Portfolio. He said it would be a Council decision as to future use, and further commented that as each calendar year proceeds, because according to the adopted policy no project can be allocated more than 50% of the remaining balance of the amount budgeted, allocation to larger projects can become difficult.

Ms. Graser explained the alternative water application process: every application is assigned a number, enabling tracking it throughout the process; and it is important to know who owns the property and who is submitting the application, because they are sometimes different persons or business entities.

Mayor Pro Tem Lamerson asked about when a property is designed for commercial use and operating as such, and then redeveloped as residential taxed as a commercial.

Mr. McConnell said that for water allocation purposes, the only distinguishing factor is the use made of the property: residential or non-residential, which can be commercial or industrial.

Mayor Pro Tem Lamerson asked if there was flexibility to look at these applications and if 100 acre-feet had been budgeted for commercial use, could some of it be transferred for residential use.

Mr. Halstead replied yes.

Ms. Graser noted the pending revision of alternative water unit allocations to residential development being recommended to Council for action at the May 9th voting session, and noted that subdivisions and many site plans are addressed by the Planning & Zoning Commission, which makes recommendations to Council.

Councilman Blair asked what would be the effect of the proposed changes in unit allocations.

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Mr. McConnell replied that if the Council approved the changes in unit allocations, generally speaking, the amount of alternative water required for an apartment project would be about one-half of what it is now.

NO ACTION WAS TAKEN.

E. Amendment No. 1 to the City of Prescott Water Management and Calendar Year 2017 Alternative Water Allocation Policy

Mr. McConnell said this item proposes additional language relating to apartments. He said the document for the May 9th Council Voting Session includes the proposed changes. He said the city was accepting applications for new apartment projects, but for water allocation purposes they would not be processed until 2018. He thought the Council might appreciate having the flexibility to look at the projects on a case by case situation during the rest of calendar year 2017.

Mayor Pro Tem Lamerson asked would this give them the flexibility and include reallocating the water that had not been used.

Mr. McConnell said the Council would have flexibility on a case by case situation for apartments to be considered now instead of waiting until 2018.

Councilman Sischka asked if the highlighted area on Policy 16 was the language they were adding.

Mr. McConnell confirmed it as correct.

Councilman Blair asked for clarification.

Mr. McConnell said that the Water Resource Management Division was suggesting that the highlighted language be added to the Committee's recommendation to the full Council regarding revisions to the water management policy, for action by the Council at their May 9th voting meeting.

Mr. Halstead questioned the definition of "particular community benefit," and commented that it was too general.

Mr. McConnell said his viewpoint was that it had to be general in order to provide flexibility to the Council.

Mr. Halstead asked when applications for apartment projects would be accepted.

Mr. McConnell said according to the policy currently in effect, applications were being accepted now, in 2017; however, if not identified in 2016, no action was being taken on the projects. With the change suggested by this item, the Water Issue Committee and Council could look at the policy criteria, and have the flexibility to make a determination

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on a case by case basis whether to consider allocation of alternative water to certain apartment projects without waiting until 2018.

Mayor Pro Tem Lamerson asked what the criteria would be.

Mr. McConnell explained that the criterion is promoting the general health, safety, and welfare of the community. He acknowledged that this was broad, but governing bodies routinely make determinations on this basis.

Councilman Blair said that as a filter, it could be as general or as specific as needed.

Councilman Sischka said they would not be able to discriminate who would get the projects.

Mr. McConnell said the bottom line was a comfort level: if too broad, the Council would have the choice to not vote for the policy changes.

Mayor Pro Tem Lamerson said his concern was picking a winner or loser. He felt that was not a good thing.

Mr. McConnell said that the policies set up could be uniformly applied.

Mayor Pro Tem Lamerson said the city had a general plan that set policy and identified criteria. He felt that the housing study to be done would provide guidance regarding an issue that has existed for years.

Mr. Lamar commented that a community changes continuously, and the needs today may not be the same needs next year.

Mr. McConnell said this policy change was submitted to provide the flexibility to look at each application, and make a decision on a case by case basis.

Mr. Lamar said, for example, if they decided as a Council to consider applications, and one was for a needed veterans housing development, then they could vote to approve the water for the development to meet that need.

Councilman Sischka said what they did not want to do was to provide water that resulted in over-building of apartments; if the demand disappeared, the community would be left with empty apartment buildings.

Mayor Pro Tem asked Ms. Graser if they were approached by the government to build more for veterans.

Ms. Graser said that was what the water service agreement applicant wants to do.

Mayor Pro Tem Lamerson asked if there was a demand for that housing.

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Ms. Graser said that would eventually be determined by the housing study that Council directed be done.

Mayor Pro Tem Lamerson said he understood the Committee's role was to discuss the allocation of alternative water for the highest and best benefit to the community, not community housing needs.

Councilman Blair said that investors looked at community housing demand, and if they saw a need, decided how to respond to it.

Ms. Hoy said she had a couple of concerns about the proposed policy change: would this open up the City to a lawsuit because someone did not get the answer they wanted, and whether such requests would burden the Council. She felt that policy 16 was a good thing, but was concerned that the entirety of the policy revisions that had been proposed to Council might not pass because of this one change pertaining to apartments

Councilman Sischka asked whether she thought the change would be a distraction.

Ms. Hoy said this change could end up ruining the whole thing, and she felt it was a good policy overall.

Mr. Halstead said it would be a Council decision.

Councilman Blair asked if this had to be brought up at the next Council meeting or could it wait to be vetted more by staff.

Mr. McConnell said this was only for water allocation, and that if the committee thinks the change regarding applications for apartments may become a distraction, that could be stated to the Council. Without the change, however, Council would not have the flexibility to look at the applications and process them.

Mayor Pro Tem Lamerson asked if the existing policy had been problem.

Mr. Lamar said at that moment in time they were just trying to address the application process.

Mr. McConnell concurred, and stated that it was strictly a suggestion: if a project that significantly benefited the community was submitted during the remainder of calenday year 2017, the Council could entertain and vote on it.

Mayor Pro Tem Lamerson said he thought Council already had that flexibility.

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Mr. McConnell said that was not the case, since according to current policy, for the rest of this year a new apartment project would not be brought to Council for an alternative water allocation.

Mr. Halstead explained that the Council could do one of two things: approve the changes to the policy, or leave it as it is.

Mayor Pro Tem Lamerson said if they were not having a problem, and as the saying goes, if it's not broke then don't fix it.

Ms. Graser reiterated that under the current policy, regardless of project benefit, Council would have to wait until next year to look at it. If the policy was changed, if water was available for allocation, then they could consider approving it this year.

Mr. McConnell clarified that Council had the ability to change the water budget at any Council meeting. He said the question was whether the Council wanted to have the flexibility to look at projects as they came in.

Councilman Blair said he would prefer to see all the projects.

Mr. McConnell said under the current policy, Council would not have the flexibility to see new apartment applications this year.

Ms. Graser confirmed that such projects had to wait until next year for consideration of an alternative water allocation.

Mr. Lamar said if Council considers new apartment applications described to have particular benefit to the community on a case by case, he felt it was a reasonable approach for the rest of the year.

Councilman Blair said that was why they had professionals who would look at this and bring it back to them for recommendation.

Mr. Lamar mentioned the pending change in unit allocations of alternative water to new residential development, and said that this year was one of transition. He asked how many new applications for apartments had been received.

Ms. Graser said four had been received, with about four more waiting in the wings.

Councilman Sischka said that if some of these projects did come to Council, given the competition for alternative water which is in very short supply, there would have to be winners and losers. He did not object to the policy addendum.

Mayor Pro Tem Lamerson asked where they were on this.

Mr. McConnell replied the question for the Committee was whether the highlighted policy language would be recommended to Council for consideration.

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Mr. Halstead recapped where they stood: keep the current policy, or add the addendum.

Mayor Pro Tem Lamerson said he did not see an advantage for changing the policy, and he did not see anything in the current policy to do any of this.

Mr. Lamar said they would either see all potential projects or not see any of them.

Mayor Pro Tem Lamerson said the way he sees it was they either did it this way or do not do it.

Ms. Graser said they had water allocations for the apartments and this policy was written so they would have choices. They were trying to make it more flexible for the Council.

COUNCILMAN SISCHKA MOVED TO FORWARD AMENDMENT NO. 1 TO THE CITY OF PRESCOTT WATER MANAGEMENT AND CALENDAR YEAR 2017 ALTERNATIVE WATER ALLOCATION POLICY TO COUNCIL; SECONDED BY COUNCILMAN BLAIR; PASSED 2-1, WITH MAYOR PRO TEM LAMERSON VOTING NO.

F. Applications for Water Service Agreements

1. Jeremy Hassen (WSA 17-010)

Ms. Graser presented, and showed a map regarding the area of interest. She said this application could be administratively approved by the City Manager, and explained that the quantity would be at 0.25 acre-foot if Council approves the revised unit allocations, or 0.35 acre-foot if not so approved. She said this item was for informational purposes only.

NO ACTION WAS TAKEN.

2. U.S.VETS (WSA 17-009)

Ms. Graser presented, and showed a map regarding the area of interest.

Councilman Blair asked for clarification, the specific property U.S.VETS was interested in purchasing.

Ms. Graser pointed out the property on the map.

Councilman Blair said this was where he used to live, and asked about the quantities and types of water involved.

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Ms. Graser said that while the overall project also includes APNs 115-09-010A and 115-09-008C, the structures to be internally renovated for multi-family residential are on APN 115-09-008D. Review of utility billing records for this parcel supports historical annual usage of two (2.0) acre-feet (AF) of groundwater.

Ms. Graser said the 60-unit project will require a total of 15 AF of water, consisting of the 2.0 AF of grandfathered groundwater, and a new allocation of 13.0 AF of alternative water from the calendar year 2017 residential budget. At the present time, depending upon Committee action on the other items on this May 2, 2017, meeting agenda, and Council action on the revised unit allocations for residential development, the U.S.VETS project could require greater than 50% of the remaining supplies, in which case, according to current policy, of the total number of units being requested could not be approved.

Mayor Pro Tem Lamerson asked what it meant for U.S.VETS and others.

Mr. Graser U.S.VETS planned to request grant funding from the Arizona Department of Housing, for a project to serve homeless, elderly homeless, homeless with SMI diagnosis, homeless veterans, and low income individuals. The estimated rental amount would be the fair market housing cost at the time of leasing.

Ms. Graser said the U.S.VETS had actively been leading the local continuum of care meetings within Yavapai County, and had sufficient experience and data available to submit a competitive application for this funding.

Mayor Pro Tem Lamerson said he did not have a problem with this kind of project in the community. He wanted to ensure the water was going to support the veterans and not just anybody.

Ms. Graser said they could not deny others but they were trying to make it for affordable housing for this sector.

Mr. Lamar said this was money for the U.S.VETS project, but it could not be restricted to veterans only according to the grant criteria.

Mr. Mechanic, in the audience, asked if this was a Veterans Administration or private sector project.

Mr. Lamar said it was not submitted by the Veterans Administration, rather U.S.VETS, a non-profit veterans advocacy organization.

Mayor Pro Tem Lamerson asked was this a project brought to the Water Issues Committee for a recommendation.

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Ms. Graser said the project was proposed to be grant funded, and required a water supply.

Mayor Pro Tem Lamerson said they were here to discuss water allocation and he wanted to make sure the water was available. He said the general plan was very specific regarding diversity in housing types and community needs, and a project for lower income residents would be in line with the general plan.

Councilman Blair asked how long for the allocation would be for.

Mr. McConnell said performance requirements and milestones would be specified in the water service agreement, which would require Council approval. The Water Resource Management Division was recommending that the Water Issues Committee take no action at this meeting.

Councilman Blair said he wanted to make sure that if the project fell through, any water allocated would be returned, and become available for other projects.

Mr. McConnell replied that would be the case.

NO ACTION WAS TAKEN

3. Montezuma Partners, LLC (WSA 15-011)

Ms. Graser presented, and showed a map of the project area.

Ms. Graser recommended approval of water service agreement Application No. WSA 15-011 after Council action on the pending revision of the multi-family unit allocation recommended by the Water Resource Management Division. She said that the water was presently set aside, and could be allocated by a water service agreement upon City approval of a site plan for the project.

Councilman Sischka asked why this application would be treated any differently than the U.S.VETS one.

Mr. McConnell said this was an Exhibit A project recognized in 2016. Following action by the Planning & Zoning Commission, the site plan will be sent to Council for approval or disapproval.

CONSENSUS OF COMMITTEE WAS TO FORWARD THIS TO FULL COUNCIL.

4. W.D. Properties (WSA 15-008)

Ms. Graser presented, and showed a map of the project area.

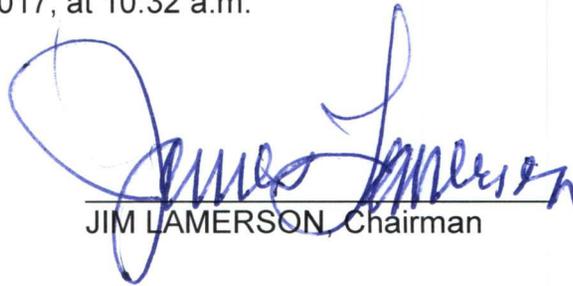
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Ms. Graser said that the site plan for this project had been submitted to the Planning & Zoning Commission. She reviewed the water allocation required for the project, and recommended that the application be brought back to the next Committee meeting, following Council action on the water management policy amendment scheduled for Council consideration at their May 9th meeting.

NO ACTION WAS TAKEN.

G. Adjournment

There being no further business to be discussed, the Council Water Issues Committee adjourned the Public Meeting of May 2, 2017, at 10:32 a.m.



JIM LAMERSON, Chairman

ATTEST:



Rhonda K. Basore, Interim City Clerk