

COUNCIL WATER ISSUES
COMMITTEE
REGULAR MEETING
TUESDAY, OCTOBER 3, 2017
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR MEETING OF THE COUNCIL WATER ISSUES COMMITTEE HELD ON OCTOBER 3, 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 9:10 a.m.

B. Roll Call.

COUNCIL WATER ISSUES COMMITTEE MEMBERS:

Present:

Chairman Jim Lamerson

Member Steve Blair

Member Steve Sischka arrived at 9:15 a.m.

Absent/Excused

Staff Present:

Michael Lamar, City Manager

Maureen Scott, 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, and September 5, 2017, Council Water Issues Committee Meetings.

COUNCILMAN BLAIR MOVED TO APPROVE THE MINUTES OF THE AUGUST 1, 2017, AND THE SEPTEMBER 5, 2017, WATER ISSUES COMMITTEE MEETINGS; SECONDED BY MAYOR PRO TEM LAMERSON; PASSED (2-0).

D. Alternative Water Portfolio Update

Leslie Graser reviewed the Calendar Year 2017 (January 1, 2017, through December 31, 2017) Alternative Water Budget.

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	10.56 acre-feet (AF) ¹
2. Commercial	100 acre-feet	100 acre-feet

¹ Reflects Council approval of U.S.VETS application on September 26, 2017

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.

Water Service Agreement (WSA) Requests on this Agenda

<u>Application No.</u>	<u>Applicant</u>	<u>Development</u>	<u>Total Project Qty Required</u>	<u>GW¹</u>	<u>Alternative Water</u>	
					<u>Reserved²</u>	<u>Not Reserved³</u>
17-008	W.D. Properties	21 APT	3.15 AF	0.9		2.25 AF
17-020	Sibson	1 SFR	0.25 AF		0.25 AF	
17-021	W.D. Properties	10 APT	1.5 AF	1.5 AF		

SFR = single-family residential MF = multi-family APT = apartment units

¹ GW = eligibility from current & committed groundwater, well abandonment, or extinguished IGFRs

² Associated with an alternative water reservation (e.g., CVID) or administratively approvable

³ Requires allocation from the remaining current calendar year alternative water budget (10.31 AF)

Graser said it is important to note there is still a remaining balance for 2017 of 10.56 acre-feet.

E. Water Service Agreements

1. W.D. Properties, LLC (WSA17-008)

W.D. Properties submitted a water service agreement application in March 2017. Currently there is a single-family residence on the property, which is one acre in size. The owner proposes to replace the single-family residence with a 21-unit apartment complex consisting of one bedroom units. The project is located within the city limits, in a platted groundwater subdivision. The total water needed for this project is 3.15 AF.

There was a question from the Committee concerning the word "portable" that was stated in the applicant's letter. What did the applicant mean by this word? Clarification of "portable" is needed.

Councilman Blair said this looks like a good project. It will have good movement for traffic. Pro Tem Lamerson said there will be more of these projects. He supports the proposal.

Mr. McConnell said the request would go to Council for approval. He suggested that it be considered by Council following the housing study presentation being arranged by Community Development to identify of the market demand for apartments in Prescott versus supply, including approved but unbuilt projects. The applicant is bringing some extinguished water credits. Pro Tem Lamerson asked if the request involves a net increase in water that the City would have to provide. Mr. McConnell responded in the affirmative.

Councilman Blair asked to explain the extinguishment credits through the Arizona Department of Water Resources. Ms. Graser said that irrigation grandfathered rights (IGFRs) can be extinguished, and the associated water credits conveyed to another party, or pledged for a 100-year water supply. Such credits are being pledged to the City in the case of the project, to satisfy, in part, the water needed to serve it.

COUNCILMAN BLAIR MOVED TO FORWARD THE APPLICATION TO COUNCIL FOR CONSIDERATION, SECONDED BY COUNCILMAN SISCHKA; PASSED.

2. Timothy Sibson (WSA17-020)

This item was presented for informational purposes only. Mr. Sibson is seeking service for a new single-family residence on his property. The subject parcel is included in the reservation for the vacant, residentially zoned tracts. The total water required for this project is 0.25 AF.

According to City policy, the provision of alternative water to a project requires connection to the sanitary sewer system. The property owner has established a sewer easement, and will be connecting to the City system. This request may be approved administratively by the City Manager, pursuant to the water allocation policy.

3. W.D. Properties, LLC (WSA17-021)

This is the second W.D. Properties project on the agenda. The lot upon which it is located is eligible for grandfathered groundwater in the amount of 0.35 AF/year. The property owner is aware of the City water allocation policy, and proposes to pledge extinguished, Irrigation Grandfathered Rights (IGFRs) for this project.

The property owner has obtained site plan approval, and filed both building permit and Water Service Agreement applications. The City has received the ADWR document containing 172.5 AF (1.7 AF/year) of extinguishment credits pledged to the City. For this project, the total water requirement is 1.5 AF (10 units X 0.15 AF/unit). Since the lot is eligible for 0.35 AF/year of grandfathered groundwater, the net project requirement is 1.15 AF/year. The owner proposes to apply the balance of the pledged IGFRs to another project, also on the agenda for this meeting, the 1st Street Apartments. (WSA Application No. 17-008 for 21 units.

Mayor Pro Tem Lamerson asked if there is opportunity for lots farther out for water service agreements where they are not or cannot reasonably be connected to the City sewer system, but have an alternative septic system, in which case there would not be return flow and aquifer recharge. Mr. Halstead said people can put in private systems. Ms. Graser said that the City Code identifies what properties are eligible for water service, relative to whether there is or is not sewer service available.

Councilman Blair asked once projects are passed by Council, at what point does the City evaluate the water delivery lines and the sewer recharge lines to make sure they are applicable to handle the extra water and extra sewer. Ms. Graser said it starts at the pre-application conference, where the various City departments, having reviewed the project, provide comments..

BY CONSENSUS, THE COMMITTEE MOVED TO FORWARD THE PROJECT TO COUNCIL FOR CONSIDERATION.

F. Calendar Year 2018 Water Management and Alternative Water Allocation Policy

Resolution No. 4380-1589, adopted May 9, 2017, "Water Management and Calendar Year 2017 Alternative Water Allocation Policy," amended the 2017 policy by introducing updated unit allocations for single family and multi-family development, and reducing unit allocations for projects that meet EPA WaterSense Water-Efficient Residential Development requirements. No changes were made to the volumes of alternative water budgeted (made available) in 2017 for development: 70 AF for residential, and 100 AF for commercial.

This agenda item was for Water Resource Management to provide a status report on the City's portfolio and forthcoming 2018 draft water management policy, specifically, to:

- *Review the blocks of water within the City's portfolio
- *Restate portfolio challenges
- *Identify anticipated requests for alternative water in the coming year
- *Provide an update on the housing study identified in Policy 16

*Provide the outline and anticipated timetable for the Water Management and Calendar Year 2018 Alternative Water Allocation Policy

Ms. Graser reviewed the Blocks within the City's Water Portfolio – Quantities and Availabilities; and the estimated requests for alternative water in 2018:

- *Single family-individual lots to large developments
- *Multi-family-duplexes to projects of 10 units or less
- *Multi-family-projects of more than 10 units
- *Commercial
- *Industrial
- *Institutional – primarily due to growth of existing institutional customers

Housing Study

*December 13, 2016 – City Council adopted the Calendar Year 2017 water management policy, including a requirement to assess housing inventories and demands for apartments and other types within the City limits.

*June 27, 2017 – approval of contract with Kuehl Enterprises, LLC, to conduct a housing study (NTE \$13,000)

*The contract timeline contemplates a presentation to Council in October 2017.

Content and Timetable for the 2018 Water Management Policy

The policy now in force relied upon a five-year planning horizon. The 2018 policy will be similar to the 2016 and 2017 versions. Only necessary updates to the background and allocation sections are proposed.

Milestones

November 7, 2017 – Review the 2018 Draft by the Council Water Issues Committee; recommendation for placement on a City Council Study Session agenda

November 28, 2017 – Initial presentation of the 2018 Draft Policy to Council at the Study Session

December 5, 2017 – Discussion of the 2018 Draft Policy by the Council Water Issues Committee

December 12, 2017 – Placement of the Water Management and Calendar Year 2018 Alternative Water Allocation Policy on City Council Voting Session agenda for approval.

G. Big Chino Project Comprehensive Agreement No. 1 Update

Ms. Graser reviewed the Comprehensive Agreement No. 1 Fourth Annual Report. The City of Prescott, Town of Prescott Valley and Salt River Project are

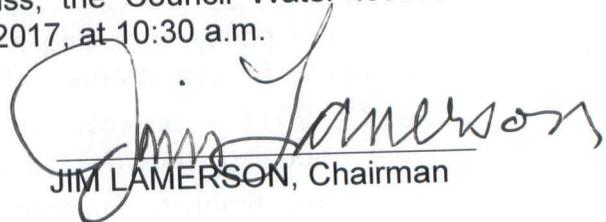
signatories to the agreement, and mutually conducting the scientific investigations. The Report is available on the City website.

Councilman Blair would like the Report to be presented at a Council study session. Mr. McConnell suggested that be scheduled after the new Council is seated, possibly in January.

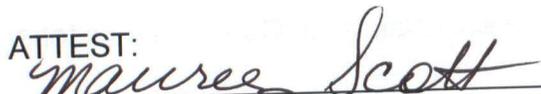
Councilman Blair inquired regarding possible uses of the Big Chino Water Ranch land. Mr. Lamar responded that quite a bit of research has been done, and there are some limitations with the lease agreement. This discussion will be brought back to a future meeting.

H. ADJOURNMENT

There being no further business to discuss, the Council Water Issues Committee adjourned the Public Meeting of October 3, 2017, at 10:30 a.m.


JIM LAMERSON, Chairman

ATTEST:


Maureen Scott, City Clerk