

**ARIZONA ECO DEVELOPMENT LLC**

923 E. Gurley St., Suite 203

Prescott, AZ 86301

Office: 928-778-7421

[www.ArizonaEcoDev.com](http://www.ArizonaEcoDev.com)



March 25, 2019

**HAND DELIVERED**

City of Prescott  
Attn: Michael Lamar  
City Manager  
201 South Cortez Street  
Prescott, AZ 86303

Re: Arizona Eco Development LLC Annexation Application

Dear Mr. Lamar:

This correspondence is submitted to the City of Prescott (COP) for the purpose of providing accurate background facts and circumstances in relation to Arizona Eco Development LLC's (AED) pending COP annexation application. AED understands that a Resolution submitted by Save the Dells is on the City Council voting agenda for March 26, 2019. The City Council's determination in regard to this Resolution will affect AED. As both COP and AED are aware, AED's annexation application as it relates to what is commonly known as "the Dells," and more particularly, that area of the Dells known as "Point of Rocks" (POR) has been extensively debated in both public and private forums. The public debate, whether intentionally or unintentionally, has resulted in some misunderstandings of the facts and circumstances regarding AED's annexation application. AED believes it is of utmost importance that all involved, and all who seek to be involved in the COP annexation process, understand and disseminate accurate information about AED's annexation application.

**BACKGROUND**

In 2006, Granite Dells Ranch Holdings, LLC (GDRH) purchased the entirety of what is commonly known as the "Granite Dells Ranch" (GDR) from Granite Dells Ranch of Yavapai County Arizona, Inc. At the time of purchase, the buyer, GDRH, consisted of well known Phoenix area investors and developers. All parties to the sale understood that it was the buyer's intention to develop GDR. Following purchase, GDRH completed certain steps toward development of the GDR including annexation of certain property into COP and the sale of certain property which has been annexed into COP and is being developed. In 2012, GDRH filed for bankruptcy in the U.S. Bankruptcy Court. As a result of the Bankruptcy proceeding, through public court processes, GDR became available for purchase by anybody who was interested and could complete the purchase. AED purchased nearly all of GDR through the Bankruptcy proceeding. To AED's knowledge, no

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private conservation group or governmental entity sought to purchase all or any part of GDR out of the Bankruptcy proceeding. At the time of AED's acquisition, a substantial portion of GDR was located within Yavapai County's jurisdiction while other parts were located in COP and the Town of Chino Valley. Since acquisition, AED has annexed certain GDR property into the Town of Prescott Valley.

AED holds priority water rights on Granite Creek which traverses GDR. AED's water rights date to over 100 years ago and precede Watson Lake.

In late 2015, AED presented a General Plan Amendment to COP. The amendment pertained, in part, to the Dells and included POR. The General Plan Amendment was approved unanimously by the City Council.

In late 2018, AED proposed annexation of two parcels of GDR into COP known as AED North (located east of the airport) containing approximately 1,656 acres and AED South (located east of Hwy 89 and south of Hwy 89A) containing approximately 866 acres. The proposed AED South annexation includes POR. Following its annexation proposal, AED voluntarily hosted two public meetings designed to engage the public and gather public comment and ideas. Additionally, AED met with conservation and preservation organizations ranging from The Nature Conservancy, Central Arizona Land Trust, Save the Dells and interested private individuals, all to numerous to count. AED also met with governmental entities including, COP, Town of Prescott Valley and the Arizona Game and Fish Department. Since those meetings, no conservation group, individual or governmental entity has shown any interest in acquiring all or any part of GDR from AED for conservation or preservation purposes.

### **PRIVATE OWNERSHIP**

Numerous public assertions have been made that POR belongs to COP or to the "community." GDR has been privately owned for over 100 years. AED privately owns Yavapai County Parcel Nos. (APN) 103-04-010B, 103-04-004C and 103-04-011, which are the subject of the proposed annexation. A portion of the Peavine Trail (APN 800-11-096K) owned by COP and a portion of the Iron King Trail (APN 103-04-799) owned by the Town of Prescott Valley run through the AED parcels. Most of the Peavine Trail and all of the Iron King Trail through AED's parcels are 100' in width. AED privately owns the property adjoining both sides of the trails traversing the AED parcels. No part of the AED parcels are currently available for legal public access or use.

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### **OPEN SPACE**

Provided herewith is a map which depicts the basis on which AED would like to continue its annexation discussions with COP. The map is for future discussion purposes only and is not intended to be binding on anyone.

AED's proposes potential contribution of an estimated 244 acres of AED's most valuable private property located within the AED South Annexation to COP for open space and public use. Most of the 244 acres proposed for potential contribution are located within POR. The remainder is for use as a COP public park as discussed below. Additionally, AED proposes potential contribution of an additional estimated 11 acres of AED's private property located outside of, but adjacent to, the AED South Annexation to COP for open space and public use in conjunction with the COP trail system and proposed COP public park. AED also proposes a potential additional estimated 152 acres of private open space which, to a large extent, buffer the Peavine Trail and Iron King Trail. AED's potential open space proposals far exceed the COP Land Development Code requirement of 25% private open space. AED's open space proposals would be a part of an overall equitable annexation agreement and both the public open space and private open space would be finally determined on the approved final plat depicting proposed development once all layers (topography, drainage, roads, vegetation, rock formations and building envelopes) are considered. AED will submit both preliminary and final platting to COP, both of which, in accordance with state law, are publically approved by COP.

### **SAVE THE DELLS DEMAND**

Save the Dells has undertaken a campaign demanding that COP adopt the Save the Dells position that requires AED donate 500 acres of AED's most valuable private property for public use as a condition of annexation. Save the Dells support for its demand seems to be that because GDR contains approximately 15,000 acres, AED should be required to donate 500 acres. Most of GDR consists of what is best described as flat open ranch land. What Save the Dells does not point out is that its demand is for 500 acres of AED's most valuable private property. Save the Dells has submitted a petition and proposed resolution to COP to be acted on at the March 26, 2019 City Council meeting by which the COP Mayor and City Council would resolve "That the Prescott City Council endorses the Save the Dells position, that the Prescott City Council and Arizona Eco Development negotiate an agreement that protects Arizona Eco Development's 500-acre portion of the Granite Dells . . ." AED does not envision any overall equitable annexation agreement wherein AED's private 500 acres demanded by Save the Dells is donated to COP for public use.

Many comparisons have been drawn in the public forum to President Theodore Roosevelt's leadership in conserving public lands. Such comparisons are made as a basis for demanding that

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AED contribute 500 acres of its most valuable private property to public use. In the early 1900's, President Roosevelt worked to preserve more than 170 million acres of public land, mostly in the West, in the forms of national parks and monuments. At the time of preservation, the land preserved was in the public domain. AED supports the work of President Roosevelt. AED is proposing potential contribution of private property, which means contributing property which is not currently in the public domain to COP for the benefit of the public as part of an overall equitable annexation agreement.

AED can find no precedent in COP, Yavapai County, the Town of Prescott Valley or any other municipal or county governmental entity for a demand that a private property owner donate private property for public use as part of an annexation application. In the same geographic area of the proposed South Annexation, recent subdivisions were not subject to any such requirement having been required to provide non-public open space according to the COP Land Development Code. In the very recent past, COP has purchased, from third parties, private property to be used as public open space in the same geographic area and continues to negotiate for additional purchases.

Save the Dells is overreaching and as a result is not acting in the best interest of COP or the public. While Save the Dells has the right to petition COP, it is important that COP not be politically coerced by Save the Dells into any position regarding negotiation of an overall equitable annexation agreement, particularly a position that ultimately may well result in a lost opportunity which would not be in the best interest of COP or the public.

### **GDR WILL DEVELOP**

Whether annexed into COP or not, GDR will be developed. Pursuant to state law, AED has the right to develop its property in its current jurisdictions, or seek to develop by annexing property located in Yavapai County into other municipal jurisdictions.

The current Yavapai County zoning for the proposed annexation parcels is RCU 2A. As a result, without any request for a zoning change, the parcels can develop into 2 acre lots. Each 2 acre lot would most likely be served by an exempt well and septic system. No public open space would be required.

Contrary to the public speculation of the anti-growth contingent, a COP determination not to proceed with annexation will not result in preservation of any AED property or stop development of GDR.

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### **AED WILL PAY FOR ITS ROADS**

As COP is aware, developers pay for the roads. Once again, it is a myth in the public forum that governmental entities pay for the roads. In AED's circumstance, AED will pay 100% of the cost of construction of the onsite roads and a pro-rata share of the cost of construction of offsite roads as determined by COP's traffic impact analysis which is mandated by state law. AED is prepared to develop using either public or private onsite roads at the determination of COP. The onsite roads will either be dedicated by AED as public right-of-way to be maintained by COP or remain private to be maintained by the developer and its successors. If private roads are chosen, AED will likely gate the subdivision for use only by future residents.

### **TRAIL CROSSINGS**

The proposed AED annexation will result in two new trail crossings as follows: i) a grade separated crossing under the Peavine Trail north of the intersection of the Peavine Trail and the Iron King Trail, and ii) an at grade crossing of the Iron King Trail east of the intersection of the Iron King Trail and the Peavine Trail. The Iron King Trail is owned by the Town of Prescott Valley which previously granted a perpetual easement to AED for this crossing. The exact location of this crossing is to be determined. There are other trail crossings which pre-exist AED's property ownership. AED took title subject to the pre-existing trail crossings.

### **TRANSFERRING DENSITY**

At an early public meeting, Jean Wilcox, an original founder of Save the Dells, inquired if AED would consider transferring density away from POR. As a result of Ms. Wilcox's inquiry, AED is amenable to the possibility of transferring density. Additionally, COP has expressed a willingness to consider providing water and sewer to AED property located outside of proposed annexation boundaries. This could provide the basis on which density can be transferred. As part of an overall equitable annexation agreement, AED would expect that the details surrounding the idea would prove actionable.

### **PUBLIC PARK**

COP, through its City Manager Michael Lamar, inquired regarding the possibility of AED contributing private property for a COP public park. AED agrees in principal with the idea. The mapping reflects a potential COP owned public park and parking lot at a location where Granite Creek runs year-round under a shade canopy of healthy cottonwood trees. AED believes COP's development of the park will result in a beautiful recreation area for COP and the public.

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## ANNEXATION

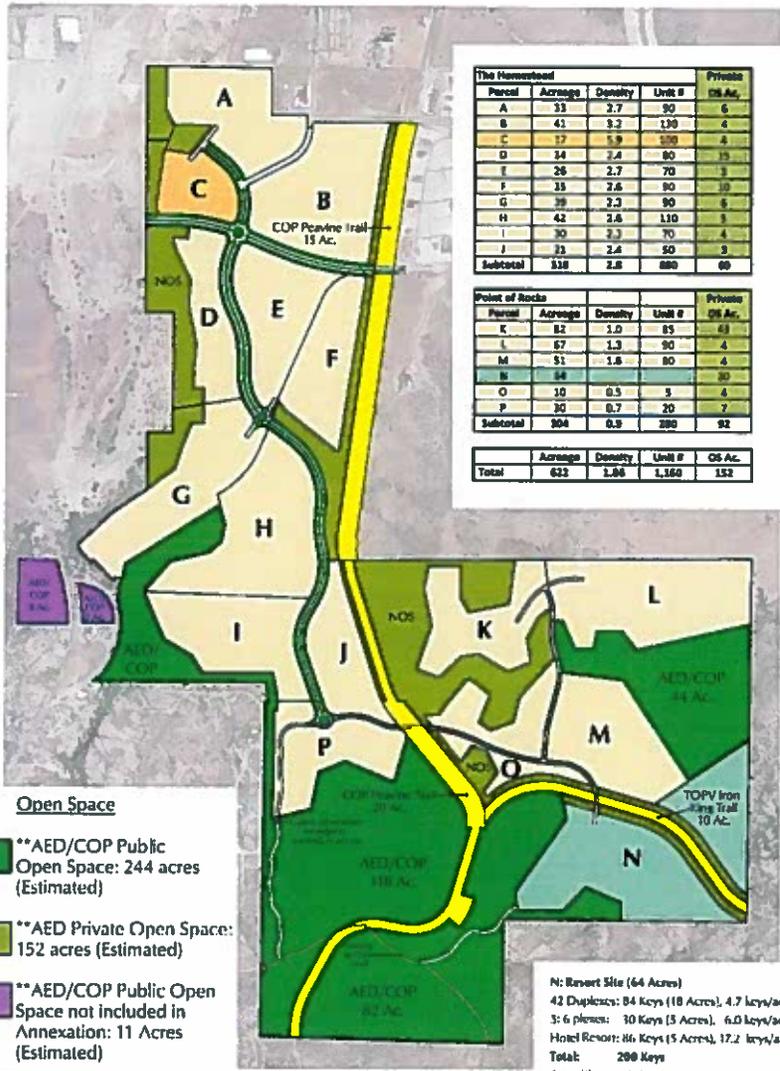
AED appreciates the effort and good faith COP has demonstrated throughout the proposed annexation discussions. AED fully acknowledges the benefits to be obtained through annexation into COP. AED believes COP fully appreciates the benefits to be obtained by COP through annexation of the AED parcels into COP. Subject to ongoing negotiation, AED and COP, for a myriad of good reasons beneficial to both, agree that approval of the proposed annexation based on a fully negotiated overall equitable annexation agreement, would be in the best interest of AED, COP and the public. Save the Dells has, in concept, stated its support of the proposed COP annexation; however, this support is drawn in to question by Save the Dells' excessive demand that AED contribute 500 private acres for public use which puts annexation of any of the Dells into COP at risk. Without annexation, COP would lose the opportunity to input the development process. It appears AED's contribution of private property for public use is the only viable method of actually "saving the Dells" and allowing for public use. AED has proposed, as part of an overall equitable annexation agreement of AED's property into COP, not only potential contribution of private property for public use in the heart of POR but, in addition, AED has engaged with COP in a number of additional discussions regarding proposed agreements, some of which are discussed in this correspondence which benefit COP and the public. AED is hopeful that discussions can continue which result in a final overall equitable annexation agreement.

Sincerely,

ARIZONA ECO DEVELOPMENT LLC



Jason J. Gisi, CEO



The Homestead				
Parcel	Acres	Density	Units #	Private (in Ac.)
A	33	2.7	90	6
B	41	3.2	130	4
C	17	5.9	100	4
D	24	2.4	60	15
E	26	2.7	70	9
F	35	2.6	90	10
G	39	2.2	90	6
H	42	3.6	110	3
I	30	2.2	70	4
J	23	2.4	60	5
Subtotal	318	2.8	880	60

Point of Rocks				
Parcel	Acres	Density	Units #	Private (in Ac.)
K	82	1.0	85	43
L	67	1.3	90	4
M	51	1.8	90	4
N	64	0.5	30	30
O	10	0.5	5	4
P	20	0.7	20	7
Subtotal	304	0.9	280	92

Acres	Density	Units #	OS Ac.	
<b>Total</b>	<b>622</b>	<b>1.86</b>	<b>1,160</b>	<b>152</b>

**Open Space**

- \*\*AED/COP Public Open Space: 244 acres (Estimated)
- \*\*AED Private Open Space: 152 acres (Estimated)
- \*\*AED/COP Public Open Space not included in Annexation: 11 Acres (Estimated)
- \*\*Existing Public Open Space: 45 Acres  
Total Open Space: 452 Acres

N: Revert Site (64 Acres)  
 42 Duplexes: 84 Keys (18 Acres), 4.7 keys/ac.  
 3: 6 plexes: 30 Keys (5 Acres), 6.0 keys/ac.  
 Hotel Resort: 86 Keys (5 Acres), 17.2 keys/ac.  
**Total: 200 Keys**  
 Amenities: 6 Acres  
 Open Space: 30 Acres

\*All AED open space, public, and/or private, is estimated and subject to change pending the development agreement and future platting.



**AED South**  
**Proposed Master Plan for Annexation**  
 (For Discussion Purposes Only)

