

Minutes of the City Council Subcommittee for Water Issues held on March 5, 2019 in the Lower Level Conference Room, located at 201 S. Cortez Street, Prescott, Arizona.

A. Call to Order

Chairman Lamerson called the meeting to order at 9:08 a.m.

B. Roll Call

CITY COUNCIL SUBCOMMITTEE FOR WATER ISSUES MEMBERS:

Present:

Chairman Jim Lamerson
Member Steve Sischka

Absent:

Member Steve Blair

Staff Present:

Michael Lamar, City Manager
Clyde Halstead, Assistant City Attorney
Craig Dotseth, Public Works Director
Gwen Rowitsch, Administrative Support Services Manager
Leslie Graser, Water Resource Manager
Leah Hubbard, Water Resource Coordinator
Carey Oberheim, Administrative Assistant

C. Approval of Minutes for the January 8, 2019 Meeting

CHAIRMAN LAMERSON MOVED TO APPROVE THE MEETING MINUTES OF JANUARY 8, 2019; COUNCILMAN SISCHKA 2ND. PASSED 2-0.

D. 2019 Water Allocation Update

For January 1, 2019 until July 1, 2019, alternative water supplies were made available in accordance with City Resolution No. 2018-1663. The available supply is 350 acre-feet and stated to be for, "...any development of any type during this period."

New Water Service Agreement applications filed before February 19, 2019 (submission deadline for 3/5/2019 Subcommittee meeting) are shown in the table. Projects in grey were recommended at the last Subcommittee meeting.

Application No.	Requested Volume (in acre-feet)	Water Budget Remaining (in acre-feet)
WSA18=017, Rhys-Evans	0.25	Deducted from CVID Reservation
WSA 19-001, Smeltzer	0.25	Deducted from Vacant Res.
WSA 19-002, Hill	0.25	Deducted from Vacant Res.
WSA 19-003, Frausto	0.25	320.15
WSA 19-004, Section 1.46 and 1.47	36.2	283.95
WSA 19-005, Lannholm	0.25	283.70

¹On March 13, 2018, City Council approved a letter of endorsement (City Resolution No. 2018-1635) for water resources to complete the proposed Twin Cedars project. The water supply had been set

aside in the City's water portfolio for possible allocation from and use in Calendar Year 2019. In accordance with the Council Agenda Memo of March 13, 2018, "Pending the award of the HUD grant, the Twin Cedars [water service agreement] application will be placed on a City Council agenda for approval of a standard water service agreement (specifying the volume, performance criteria, etc.)"

Chairperson Lamerson stated that we have set aside a certain amount of water per year per our water management strategy. This does not mean we only have that much water available, as we have more water than what we allocate. Leslie summarized that past Council as well as current Council have allocated a certain block of water to allocate as a guide line and we always have the option to open up more of the effluent side as well as the long term storage use. This has been Councils practice in the past and now.

E. Water Service Agreement Application WSA 19-004

Water Service Agreement Application No. WSA19-004 was filed by Dorn Homes and available in the City's tracking system on February 12, 2019. The applicant is seeking an alternative water allocation from the City's January 1, 2019 to June 30, 2019 water budget for one hundred and eighty-one (181) single family units; a volume of 36.2 acre-feet (0.20 AF * 181 homes).

Clyde Halstead stated this is part of Deep Well Ranch Master Plan. No real change with what is being proposed and what was approved in the master plan.

CHAIRMAN LAMERSON MOTIONED TO MOVE THIS ITEM FORWARD TO COUNCIL – 2ND BY SISCHKA (PASSES 2-0).

F. Update on active water contracts and their performance criteria

During the January 8, 2019, meeting the Subcommittee requested an update on the active water contracts and their performance criteria.

Since 1999, the City has entered into water contracts. More recent contracts have performance criteria for the purpose of allowing for the use of the water for a project, but not leaving the water held in a contract if the project does not proceed.

As of February 20, 2019, the City had 653 contracts, ranging from commitments for single-family residences only, to 100+unit subdivisions or apartment complexes.

Leslie Graser stated 653 contracts, of which 500 are alternative water contracts. An excerpt from City's water portfolio file showing contracts from 2014 to current was provided.

Councilman Sischka asked if some of the contracts are at a stage where if they do not meet the deadline for performance criteria do they need to ask for water again. Leslie answered yes some contracts are at their deadline and need to ask for a one (1) year extension in accordance with current policy.

City Manager Lamar asked the total volume in contract. Leslie Graser stated she didn't have a total with her, but could provide it by email later in the day.

G. Update of ITC (Legal Department)

During the January 8, 2019, meeting the Subcommittee requested an update on the ITC project (Closed Loop Pumped Storage Facility).

The proposed Big Chino Valley Pumped Storage Project will use energy storage technology to anchor new electricity transmission infrastructure as an all-encompassing, integrated energy solution

to the region's growing energy needs. The proposed project involves significant investment to develop a large-scale, 2,000 MW closed loop pumped storage hydro facility, one powerhouse and two reservoirs covering 420 surface acres. The project also includes three transmission interconnections to serve Arizona, Nevada and Southern California.

The water requirements of the facility are estimated as, 1) A one-time volume of 27,000 acre-feet is needed to fill the reservoirs. This includes water used during construction, and 2) Given the current state of design, operations will result in 925 acre-feet of evaporated loss per year – less than the current 1,500 acre-feet used annually for agriculture on the existing ranch property. The project team is actively working to minimize the amount of evaporation loss through a variety of means.

Project Status: On January 3, 2019, Big Chino Pumped Storage LLC released a Joint Stakeholders Meeting Comment Matrix.

Clyde Halstead updated that this will be regulated by the FERC. There is a hagggle over the order of proposed studies needed to be done. Currently the study of the impact on the Verde Valley is last in the order and SRP is arguing for it to be done first.

Leslie Graser stated the modeling side will be reviewed. The City's and Town's consultant, Matrix New World is looking at the model scenario development by ITC. These are "what if" statements to be employed by the model in March 2019.

Chairman Lamerson expressed concern about the impact on the water rights of the City of Prescott may face an ensuring that the water is there for us when we are ready to use it. Want to make sure that we are watching out for our asset.

Leslie Graser presented the Joint Stakeholder Meeting Comment Matrix from the ITC website that answers questions that the Stakeholders have answered.

Councilman Sischka reiterated that these questions and answers are a good resource for the public.

H. Factsheet on Comprehensive Agreement No. 1 (CA No. 1)

During the January 8, 2019, meeting the Subcommittee requested talking points for the three-party contract for scientific investigations in the Big Chino Sub-basin known as Comprehensive Agreement No. 1.

Due to litigation and other events in the 2009-2010 timeframe regarding the City's Decision and Order of Assured Water Supplies (water portfolio), the City entered into two notable, three-party agreements known as Agreement in Principle (2/11/2010), and Comprehensive Agreement No. 1 (10/5/2012). Comprehensive Agreement No. 1 is 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. The completion date for the groundwater flow model identified in Comprehensive Agreement No 1 is anticipated to be May 2020.

Leslie Graser displayed a one sheet talking points that bullet point information on CA No.1. There is also information on SRP's watershed protection website under projects.

Both Councilman Sischka and Chairperson Lamerson expressed that this fact sheet works for their needs.

Councilman Sischka asked if the modeling will continue even after we have decided that we do not currently need water from the Big Chino. Leslie Graser stated that modeling will continue as well as ongoing monitoring as the City is in a contract to complete it.

Councilman Sischka asked will the modeling show is the flow paths of where the water comes from that fills the Big Chino. Leslie Graser stated that that is one of the goals of the current modeling.

I. Future Agenda Items

Presentation on changes to the conservation and rebate program.

Safe Yield update

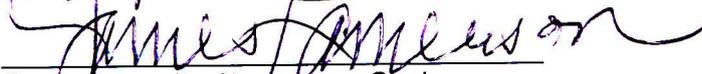
The next meeting will be held Tuesday, April 2, 2019.

J. Adjournment

There being no further business to discuss, the meeting was adjourned at 10:04 a.m.

Respectfully Submitted by:


Carey Oberheim, Administrative Coordinator


Councilman Jim Lamerson, Chairman

Date: 4/2/19