CITY COUNCIL MEETING

STUDY SESSION MEETING AGENDA

TUESDAY, JULY 9, 2019, 1:00 PM
Council Chambers, 201 South Cortez Street
Prescott AZ 86303
(928) 777-1272

Greg Mengarelli, Mayor
Billie Orr, Mayor Pro Tem
Steve Blair, Councilman
Phil Goode, Councilman
Jim Lamerson, Councilman
Alexa Scholl, Councilwoman
Steve Sischka, Councilman

The following Agenda will be considered by the Prescott City Council at its Study Session Meeting pursuant to the Prescott City Charter, Article II, Section 13. Notice of the meeting is given pursuant to Arizona Revised Statutes, Section 38-431.02. One or more members of the Council may be attending the meeting through the use of a technological device.

1. CALL TO ORDER

2. ROLL CALL

3. DISCUSSION
   A. Presentation on Groundwater Recharge.

   B. Presentation of Proposed Water Policy Changes on Water Service Outside of City Limits.

4. ADJOURNMENT

EXECUTIVE SESSION

Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

(1) Discussion or consideration of personnel matters (A.R.S. §38-431.03(A)(1));
(2) Discussion or consideration of records exempt by law (A.R.S. §38-431.03(A)(2));
(3) Discussion or consultation for legal advice with the city’s attorneys (A.R.S. §38-431.03(A)(3));
(4) Discussion or consultation with the city’s attorneys regarding the city’s position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid litigation (A.R.S. §38-431.03(A)(4));
(5) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03(A)(5));
(6) Discussion, consultation or consideration for negotiations by the city or its designated representatives with members of a tribal council, or its designated
representatives, of an Indian reservation located within or adjacent to the city (A.R.S. §38-431.03(A)(6));

(7) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03(A)(7)).

THE CITY OF PRESCOTT ENDEAVORS TO MAKE ALL PUBLIC MEETINGS ACCESSIBLE TO PERSONS WITH DISABILITIES. With 72 hours advanced notice, special assistance can be provided for sight and/or hearing-impaired persons at this meeting. Reasonable accommodations will be made upon request for persons with disabilities or non-English speaking residents. Please call the City Clerk (928) 777-1272 to request an accommodation to participate in this public meeting. Prescott TDD number is (928) 445-6811. Additionally, free public relay service is available from Arizona Relay Service at 1-800-367-8939 and more information at www.azrelay.org

Confidentiality

Arizona statute precludes any person receiving executive session information from disclosing that information except as allowed by law. A.R.S. §38-431.03(F). Each violation of this statute is subject to a civil penalty not to exceed $500, plus court costs and attorneys’ fees. This penalty is assessed against the person who violates this statute or who knowingly aids, agrees to aid or attempts to aid another person in violating this article. The city is precluded from expending any public monies to employ or retain legal counsel to provide legal services or representation to the public body or any of its officers in any legal action commenced for violation of the statute unless City Council takes a legal action at a properly noticed open meeting to approve of such expenditures prior to incurring any such obligation or indebtedness. A.R.S. §38-431.07(A)(B).

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on _______________ at _____________m. in accordance with the statement filed by the Prescott City Council with the City Clerk

Maureen Scott, MMC, City Clerk
WATER SERVICE OUTSIDE OF CITY LIMITS
## STUDY SESSION SCHEDULE

<table>
<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>June 11, 2019</td>
<td>Overview of all Code and Policy Changes, and Conservation Rebates</td>
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HOW CAN YOU PARTICIPATE?

• Attend Council Study Sessions
• View Video of Proposed Policy Discussion On City Website
• Send Written Comments To:
  • [WATER.POLICY@PREScott-AZ.GOV](mailto:WATER.POLICY@PREScott-AZ.GOV)
    OR
• Water Policy Comments
  201 S. Cortez Street
  Prescott, AZ 86301
Potential Benefits:

1) Reduce Overdraft in AMA
2) Improve Water Quality
3) Increase Recharge
4) Decrease Lost Water
WATER SERVICE OUTSIDE OF CITY LIMITS

Current Status

• City Does Not Provide “New” Water Connections Outside of City Limits

• Development Outside of City Service Area Supported by “Exempt” Wells or Private Hauling
WATER SERVICE OUTSIDE OF CITY LIMITS

EXEMPT WELLS

WELL TYPES

PRESCOTT AMA WELL TYPES

97% EXEMPT WELLS

3% NON-EXEMPT WELLS

ARIZONA WELL TYPES

79% EXEMPT WELLS

21% NON-EXEMPT WELLS
WATER SERVICE OUTSIDE OF CITY LIMITS

Exempt Wells: Exempt from State Law and Annual Reporting

Septic Tanks: More than 90% of Septic Water Evaporates and Does Not Recharge

Water Quality: Water Making it Back to Aquifer is of Poor Quality, Impairs Creeks and Lakes
WATER SERVICE OUTSIDE OF CITY LIMITS

Potential Benefits:

1) Reduce Overdraft in AMA
2) Improve Water Quality
3) Increase Recharge
4) Decrease Lost Water
WATER SERVICE OUTSIDE OF CITY LIMITS
WATER SERVICE OUTSIDE OF CITY LIMITS

BUILD OUT DEMAND RESULTS

PER HERB DISHLIP PRESENTATION MAY 2019

EXPANSION AREA

45,966 ACCOUNTS = 12,732 AF/YR
WATER SERVICE OUTSIDE OF CITY LIMITS

New Service May Be Permitted Within “Expansion Zone”

• Feasibility Study: The Applicant Must Submit A Feasibility Study To Determine If The Project Is Possible. (e.g. Infrastructure)

• Cost/Benefit: Commercial Development And Subdivisions Will Be Required To Submit A Cost/Benefit Analysis

• Council Approval: Required for all requests outside City Limits
WATER SERVICE OUTSIDE OF CITY LIMITS

Requirements

• Sewer Tie-In
• Infrastructure Availability or Expansion
• City Codes and Policy Compliant
• Abandonment of Wells and Septic Tanks
• Outside City Water Rates Apply
WATER SERVICE OUTSIDE OF CITY LIMITS

Process

• Application Including:
  • Feasibility Study
  • Cost/Benefit

• Review By Water Issues Subcommittee

• Approval by Council
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1. CALL TO ORDER

Mayor Mengarelli called the meeting to order at 1:00 p.m.

2. ROLL CALL

Greg Mengarelli Mayor
Billie Orr, Mayor Pro Tem
Steve Blair, Councilman
Phil Goode, Councilman
Jim Lamerson, Councilman
Alexa Scholl, Councilwoman
Steve Sischka, Councilman

3. DISCUSSION

A. Presentation on Groundwater Recharge.

Public Works Director Craig Dotseth provided a presentation to Council regarding ground water recharge and recovery in the city of Prescott. There are two types, natural recharge and supplemental recharge (wastewater). The city’s recharge facility is operated by our staff and does both surface and water/treated effluent supplies. Recharge of water requires state permitting, facility meets state and city water management efforts for maintaining.

Background:
* Historically, community’s wastewater supplies have been treated/reclaimed and then used to irrigate Antelope Hills Golf Course dating back to the 1950s
* When more reclaimed supplies were available than were needed at the golf course, those volumes prior to 1987 were discharged to Granite Creek until approximately 1988
* In 1988, City was issued its first "Recharge Project Permit" from State of AZ for underground storage of treated effluent. The facility was designed and approved for 6,721 acre-feet (af) per year
* Today, Antelope Hills/Prescott Lakes/Capital Canyon Golf Courses use treated/reclaimed wastewater supplies to irrigate turf
* City continues to operate a recharge facility in the same location
* In 1998 the City purchased Watson and Willow Reservoirs (land and surface water rights)
* In 1998 City was issued two water storage permits for both reclaimed and surface water supplies, one denoted as "non-recoverable" (Prop 400)
* In 2009 the City was issued a modified permit allowing for recharge of 7,200 af/year
* In 2013 the City was issued another modified permit allowing for recharge of 12,000 af/year

To reach the total allotment of permitted total recharge at 12,000 af/year, 3,861.26 af of surface water supplies are measured at the point where the water enters the recharge facility and 8,138.74 af of effluent supplies are measured at the point the water enters the facility. Since 2006, groundwater recharge has been gradually increasing in volume that we were able to manage particularly in 2017 when we saw our highest volume at 7,300 af. So far this year we are at 2,638.69 af.

Councilman Sischka asked for clarification on where the water goes when it is recharged.

Mr. Dotseth stated that it does go back into the aquifers, however, the amount of time it takes to get into the aquifers is not specifically known.

B. Presentation of Proposed Water Policy Changes on Water Service Outside of City Limits.

This item was presented as a panel discussion before City Council, with Leah Hubbard, Water Resources Specialist, Clyde Halstead, Senior Assistant City Attorney and Public Works Director Craig Dotseth.

Mr. Halstead began the presentation to Council regarding the third set of items pertaining to Water Service Outside of City limits, the goal of any amendments to this part. The goal is to capture exempt wells and septic systems that exist within the city system.

Potential Benefits:
* Reduce Overdraft in Active Management Area (AMA) - any new service would have to abide by all city rules and regulations; limit is set based on the users and there are thousands of exempt wells that we are unaware of the amount of water that is being used
* Improve Water Quality - creeks, streams and aquifers
* Increase Recharge
* Decrease Lost Water
Ms. Hubbard continued the presentation with a discussion of the current status of water provided outside of city limits:
* The City currently does not provide “new” water connections outside of city limits
* Development outside of city service area is supported by “exempt” wells or private hauling - approximately 97% of Prescott AMA Well types are exempt

Environmental Coordinator Matt Killeen continued the presentation with a review of types of water service outside of city limits:
* Exempt wells - exempt from state law and annual reporting
* Septic tanks - more than 90% of septic water evaporates and does not recharge
* Water Quality - water making it back to aquifer is of poor quality which impales creeks and lakes.

Mr. Dotseth continued the presentation with additional discussion regarding potential benefits of providing service outside of city limits, including the potential for a 50% increase in availability of rechargeable water. He also provided an overview of the proposed expansion area map which would include 45,966 accounts and 12,732 acre-feet per year.

Councilman Sischka asked if this number of 45,966 accounts includes the entire service area or just the expansion area.

Mr. Dotseth clarified that this number is all existing and potentially new accounts.

Councilman Blair asked what the cost would be, if any, to ensure that our facilities are equipped to serve this number of accounts.

Mr. Dotseth confirmed that we have been modeling the system and any updates to be capable of handling "total build out" over there years so there would be no additional or unexpected costs.

Councilman Sischka asked the City Manager if these updates were to be made to the policy and if it would be possible for us to demand that they live up to our landscape criteria.

City Manager Michael Lamar responded that we could and should do just that.

Councilman Lamerson commented that the 45,000 number is not accurate given that there would be future areas potentially coming into the city which are not being accounted for.

Mr. Halstead stated that the currently forecasted annexations have already been built into the model, but confirmed that future annexations are not accounted for. However, he did reiterate that there is additional headroom of approximately 4,000 acre-feet that could be used to service that if necessary.

Councilman Goode expressed his concerns that we don't know what the future demand or annexations would be and that we need to be discussing a plan to reach safe yield.
He also asked what the cost would be to extend water to non-Prescott residents relative to the benefits that are being discussed.

Mr. Dotseth stated that any new project that would come forward would be responsible to take water out to the project, and the City would not be responsible for those costs. For example, new service may be permitted within the “expansion zone” through a feasibility study to be conducted by applicant to determine if the project is possible, have a cost/benefit analysis done for a commercial developments and subdivision and then Council would have final approval, and the City would not bear the cost for that process.

Mr. Lamar also reminded Council about the 30% surcharge that exists for water provided outside of city limits which would help to alleviate any issues with additional costs that may come up.

Councilman Lamerson reiterated that could also set terms and conditions on which water would be extended, for example that it has to be recharged in the final review.

City Attorney Jon Paladini also discussed the fact that this is a permissive policy, the City would require sewer tie-in, infrastructure availability or expansion, city codes and policy compliant, abandonment of wells and septic tanks, and having outside city water rates apply. Any additional terms and conditions that Council feels are appropriate could also be added on a project by project basis.

Mr. Halstead further discussed the cost/benefit analysis that would need to be done for commercial and subdivisions, and that the final determination and review by Council would determine the cost.

Councilman Lamerson asked if a commercial business is adjacent to the City and requests to be put onto City water, if we could also require that that enterprise would have to "come into the city" paying property/bed taxes and the like.

Mr. Halstead said that this is a possible scenario and provided the example of other municipalities like Phoenix which have a similar policy.

Mr. Paladini clarified that they would still have to meet the minimum requirements for annexation however.

Mr. Halstead commented that the benefit of making these changes will impact the AMA as a whole and not just the City of Prescott, as we’ve historically been the leader in conservation within the AMA this is a step toward continuing that.

Councilman Goode commented that the issue is the fact that the AMA does not have a safe yield requirement, which makes it difficult to say if this policy would be beneficial in the long run.
Mr. Lamar commented that whatever recharge is directly recharged and not used for further development helps with reaching safe yield.

Mayor Mengarelli commented that this is not just an automatic giveaway of service outside of City limits, rather it gives Council the opportunity to review each project that may be interested. He said that he is excited for the opportunity to help manage more of the AMA by bringing in more water, and that he feels the 30% surcharge will more than cover the potential costs and help with aging system in the City. Changes like this give us the opportunity to water certain areas of the county which could be beneficial for the City moving forward.

Councilman Sischka also commented that in addition to the benefit provided to the City and the AMA as a whole, we would not be required to provide police, fire or road maintenance in these areas if they are not annexed in so it is an excellent way to ensure that we are water and financially healthy.

Mayor Pro Tem Orr said that she appreciates that we are being proactive and taking leadership with regard to water and thanked staff for their work.

Mr. Halstead continued the presentation with a review of the Application Process:
* Application - to include feasibility study and cost/benefit analysis as applicable
* Review by Water Issues Subcommittee
* Approval by Council

Leslie Hoy, Prescott Resident, addressed Council stating that some of this sounds good but there are alarm bells going off because she doesn’t see why we would do this and not annex properties in. The only reason she can think of is water credits for the affluent. She stated that as a member of Prop 400 Commission, she would like to remind Council what is in the City Charter and the additional requirements for establishing annexations. She asked if the policy is passed will the water be used for further growth rather than to save yield. Her second concern, is that we don’t have an overall vision as the General Plan is not adequate in her opinion, we need a vision for our community that the whole community is involved in.

Howard Mechanic, Prescott Resident, addressed Council regarding this good proposal however, stated that he has one suggestion as Prescott is the only community that is helping the whole AMA he feels it is time for unilateral actions to end and the City should get other municipalities to the table. He said that none of the credits should go to recharge until we get all parties to come together to develop safe yield plan. This is our last good chance.

Ralph Hess, Prescott Resident, addressed Council regarding his recent attendance at a campaign event where Mayor Pro Tem Orr presented the 2018 Water Use Report which showed total recharge over the last 13 years and it stood out to him that only in two of those years did we recharged more than we have pumped. He is concerned that over the course of that time we are not recharging what we are pumping out so will this proposed policy really address the issue of safe yield if all parts of AMA are not involved.
He asked if there is a plan to work with other jurisdictions to establish that and if we have considered any other alternatives to bar users of septic systems from polluting our water source.

4. **ADJOURNMENT**

There being no further business to discuss, Mayor Mengarelli adjourned the meeting at 2:01 p.m.

___________________________

GREG MENGARELLI, Mayor

ATTEST:

____________________________

MAUREEN SCOTT, City Clerk

**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session Meeting of the City Council of the City of Prescott, Arizona held on the 9th day of July, 2019. I further certify the meeting was duly called and held and that a quorum was present.

Dated this ____ day of __________________, 2019.

AFFIX
CITY SEAL

____________________________

Maureen Scott, City Clerk