



# CITY COUNCIL MEETING

## STUDY SESSION MEETING AGENDA

**TUESDAY, AUGUST 13, 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**

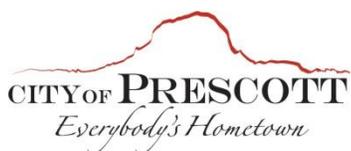
- A. Public Safety Personnel Retirement Services (PSPRS) Presentation.
- B. Update on the 2020 Census.
- C. Presentation of Proposed Water Policy Changes on Sewer Requirements.

**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));



## COUNCIL AGENDA MEMO

**MEETING DATE/TYPE:**                      **STUDY SESSION MEETING**                      **8-13-19**

**DEPARTMENT:**    **Public Works**

**AGENDA ITEM:** Presentation of Proposed Water Policy Changes on Sewer Requirements.

**Approved By:** Michael Lamar, City Manager

### Item Summary

Discussion on sewer requirements related to the proposed Water Policy changes.

### Background

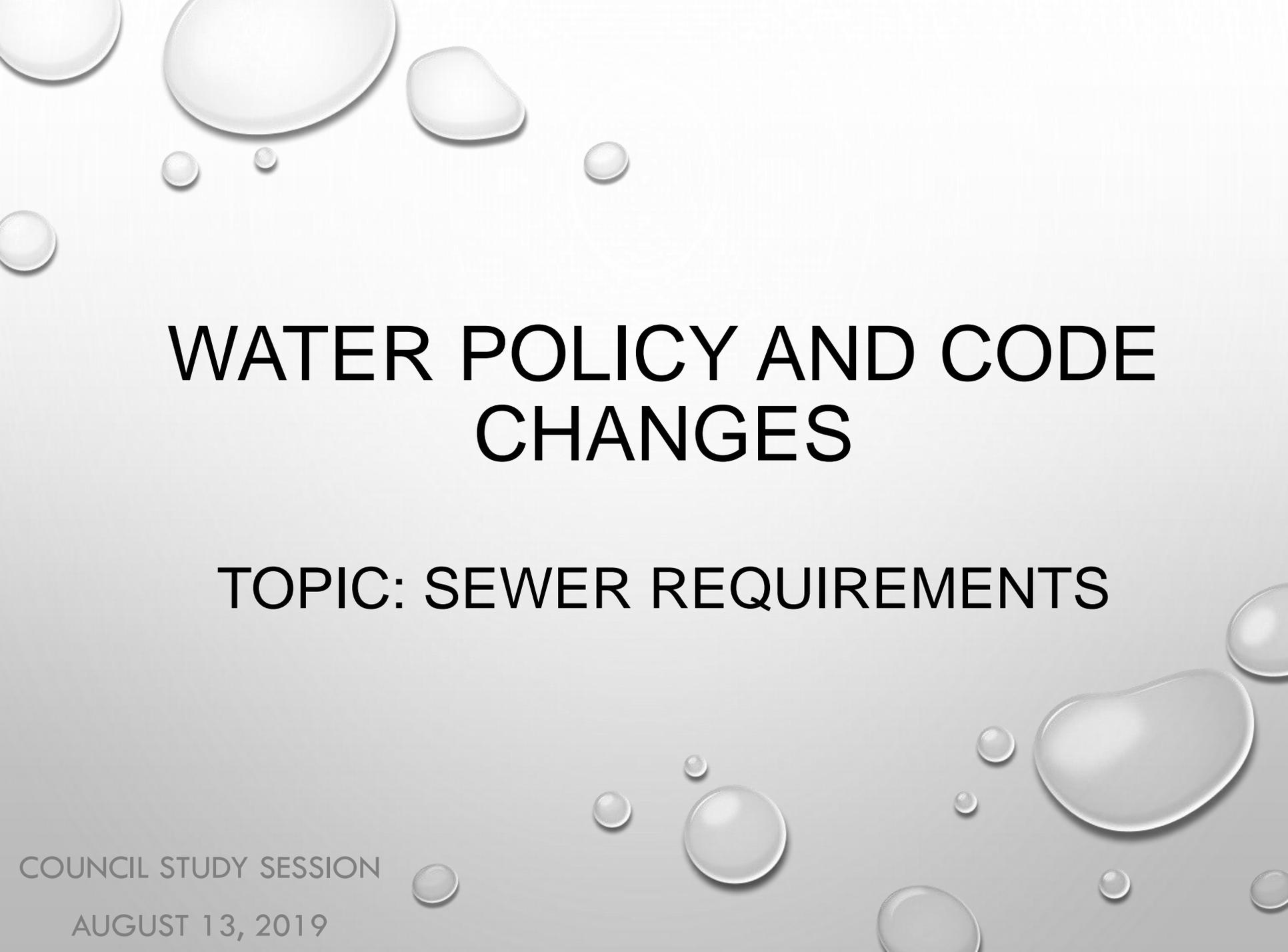
On June 11, 2019, the City Legal Department presented a comprehensive overview including proposed code changes and revisions to the City's Water Management Policy. The goals of those changes are to track the City's water supply using the City's Water Resource Management Model (WRMM), which is based upon actual water usage. Additionally, the Water Management Policy will continue to encourage and promote water conservation measures which will help with the overall health of the Prescott Active Management Area.

On June 25, City staff presented the proposed policy for review. On July 9, City staff presented the benefits of providing water to properties outside the City limits and the requirements and process that would allow those requests. On July 23<sup>rd</sup>, City staff presented other City Code changes required to support the proposed policy including: reducing active exempt wells, a return flow requirement, a fire protection fee, and the ongoing use of the Arizona Department of Water Resources (ADWR) Low-Water Use/Drought Tolerant Plant list (official Fourth Management Plan version).

Today's discussion will examine proposed sewer requirements, including mandatory sewer connection for new construction, a sewer availability connection requirement for existing water users on septic, penalties for failure to connect, financial assistance considerations and potential impacts to the Creeks and waterways as well as the PrAMA.

**AGENDA ITEM:** Presentation of Proposed Water Policy Changes on Sewer Requirements.

**Recommended Action:** This item is for presentation only. No action will be taken.

The background of the slide is a light gray gradient with several realistic water droplets of various sizes scattered across it. The droplets have highlights and shadows, giving them a three-dimensional appearance.

# **WATER POLICY AND CODE CHANGES**

## **TOPIC: SEWER REQUIREMENTS**

COUNCIL STUDY SESSION

AUGUST 13, 2019

# STUDY SESSION SCHEDULE

Date	Topic
June 11, 2019	Overview of all Code and Policy Changes, and Conservation Rebates
June 25, 2019	Policy Changes
July 9, 2019	Water Service Outside of City Limits
July 23, 2019	Other Code Changes
<b>August 13, 2019</b>	<b>Sewer Requirements</b>
August 27, 2019	Review of Code and Policy Changes
September 10, 2019	Adoption of Code and Policy Changes

# HOW CAN YOU PARTICIPATE?

- Attend Council Study Sessions
- View Video of Proposed Policy Discussion On City Website
  - [WWW.PRESCOTT-AZ.GOV/WATER-SEWER/WATER-MANAGEMENT/WATER-POLICY/](http://WWW.PRESCOTT-AZ.GOV/WATER-SEWER/WATER-MANAGEMENT/WATER-POLICY/)
- 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

# BACKGROUND

- Beginning in 1998, some new construction was required to connect to sewer.
- There is currently no requirement to connect to sewer in City Code.
- Many properties still develop with septic systems.

# UNSEWERED OVERVIEW

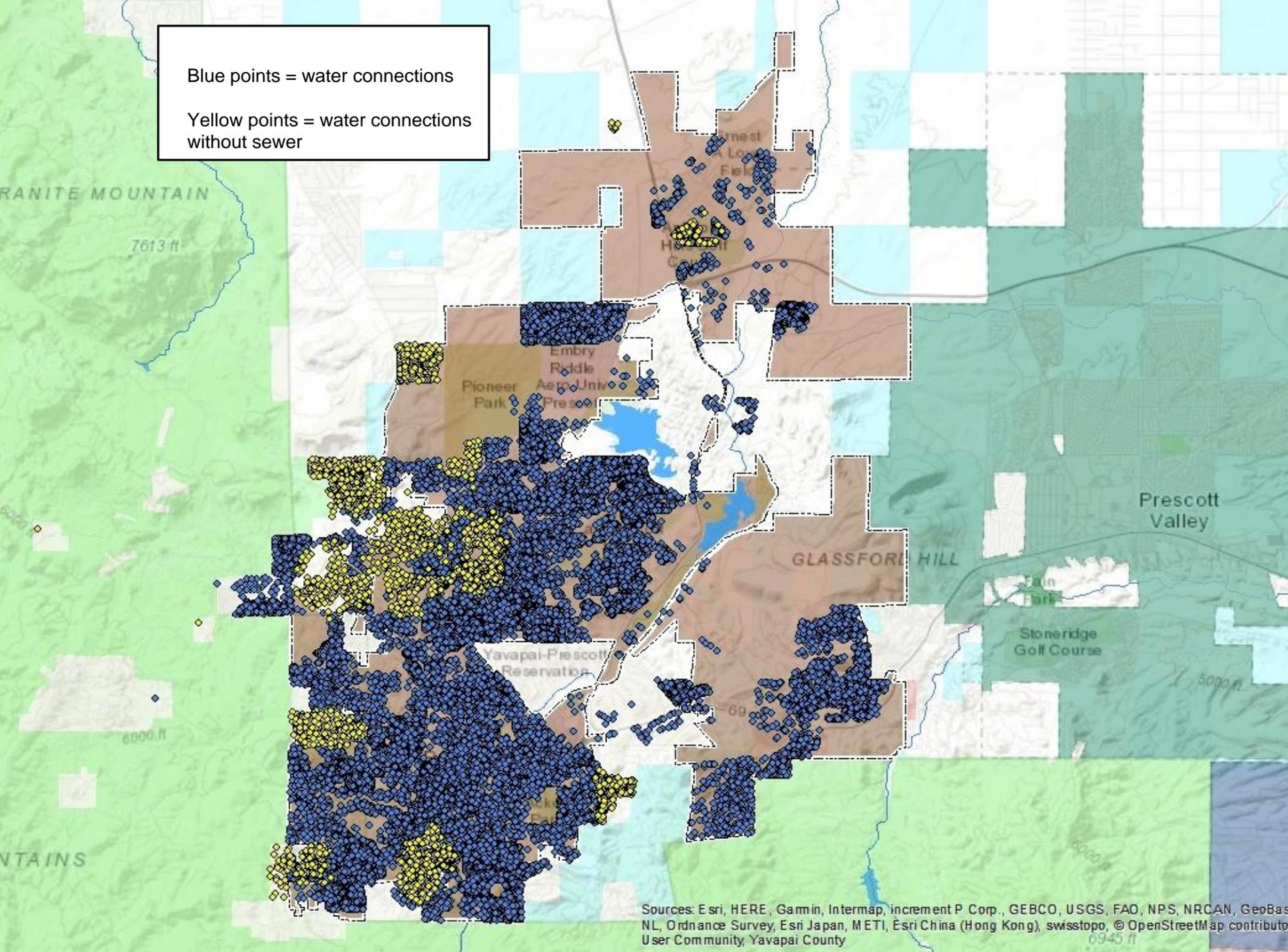
- Approximately 1,200 existing utility accounts, within City limits, are not connected to sewer.

Another assessment of unsewered conditions is by parcel (not by account)

- Approximately 3,850 lots with an existing building, within City limits, are not connected to sewer. Of those lots, 1,836 are within 0-50 feet of an existing sewer line.

Blue points = water connections

Yellow points = water connections  
without sewer



Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBas, NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, © OpenStreetMap contributors, User Community, Yavapai County

# PROPOSED SEWER POLICY

## New Construction

All new construction must connect to the City sewer system.



# POTENTIAL SEWER POLICY

## **Existing Construction**

All existing construction that is not connected to the City sewer system must connect when the infrastructure is available for that property.

***Sewer is considered available when any part of the City's sewer system borders any part of the property.***

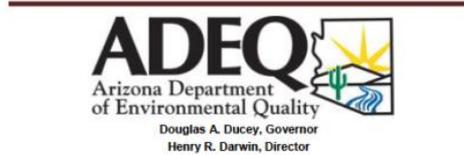
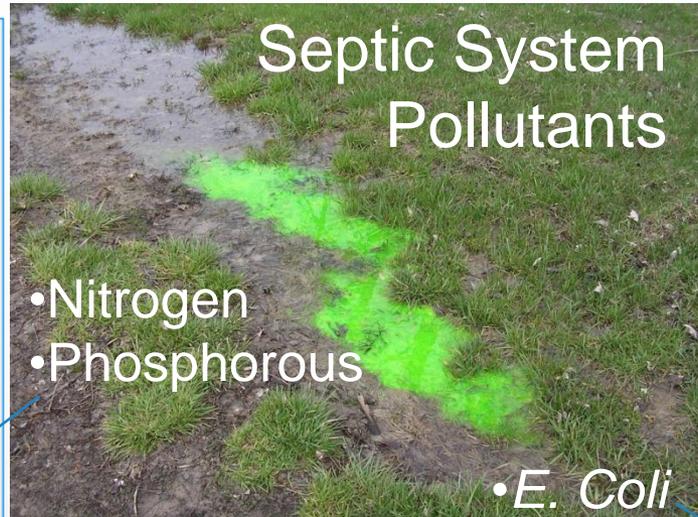
# WHY IS CONNECTION TO SEWER IMPORTANT?

- Reclaimed water is an important part of the City's water portfolio.
- Surface and ground water quality can be improved and protected
- Ensure city investments are worthwhile

# RECLAIMED AND RECHARGED WATER

- Reclaimed water is used to offset pumped groundwater
- More reclaimed water to the water reclamation facility = less net groundwater use
- An important action in helping the AMA to reach safe-yield

# WATER QUALITY



Watson Lake TMDL:  
Total Nitrogen, DO, pH  
& Total Phosphorus Targets

Arizona Department of Environmental Quality  
Supported by NAU, UofA, and Tetra Tech, Inc.

Final - February 2015  
Open File Report OFR-14-03

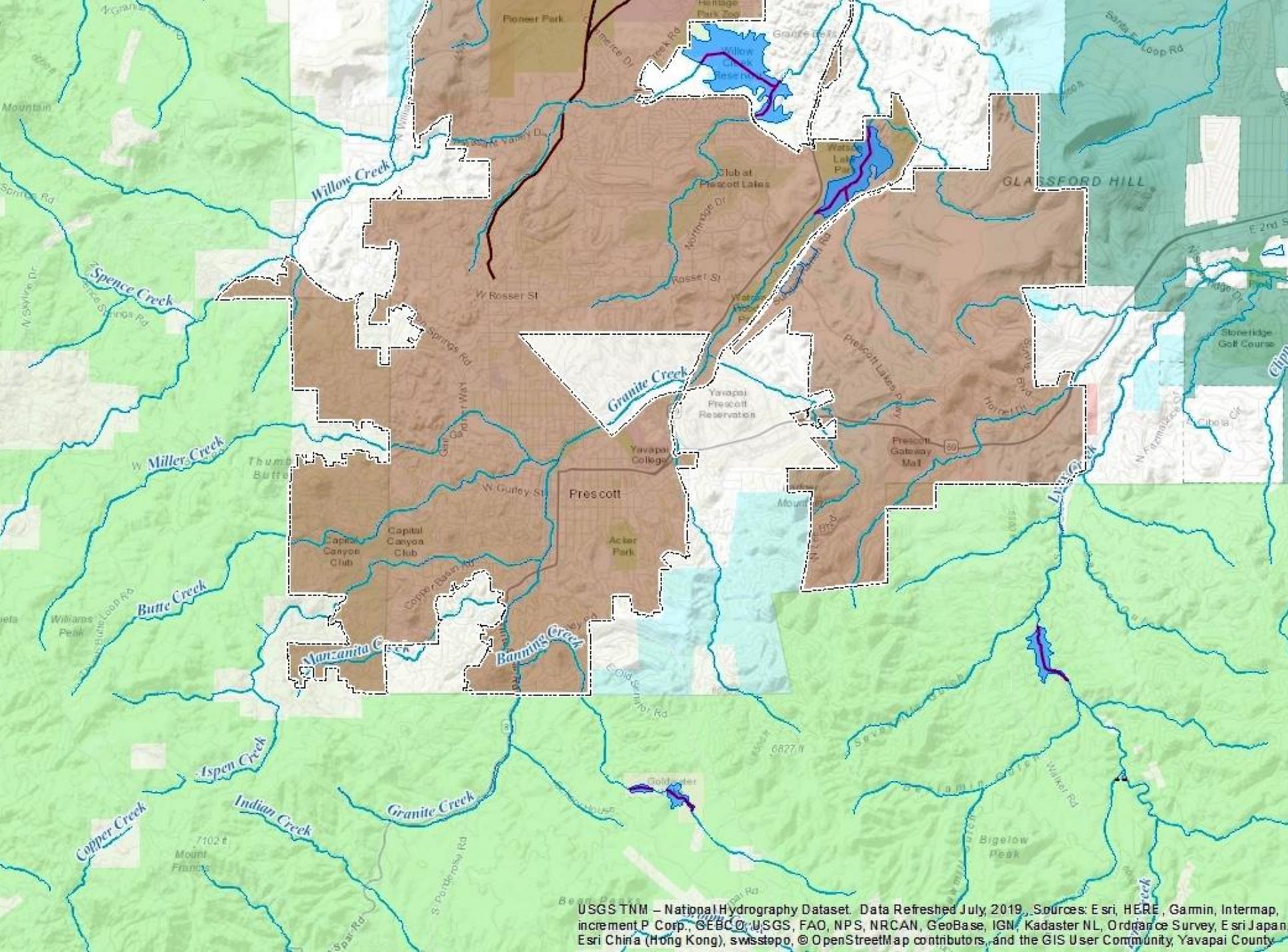


Final  
Upper Granite Creek Watershed *E. coli* TMDL

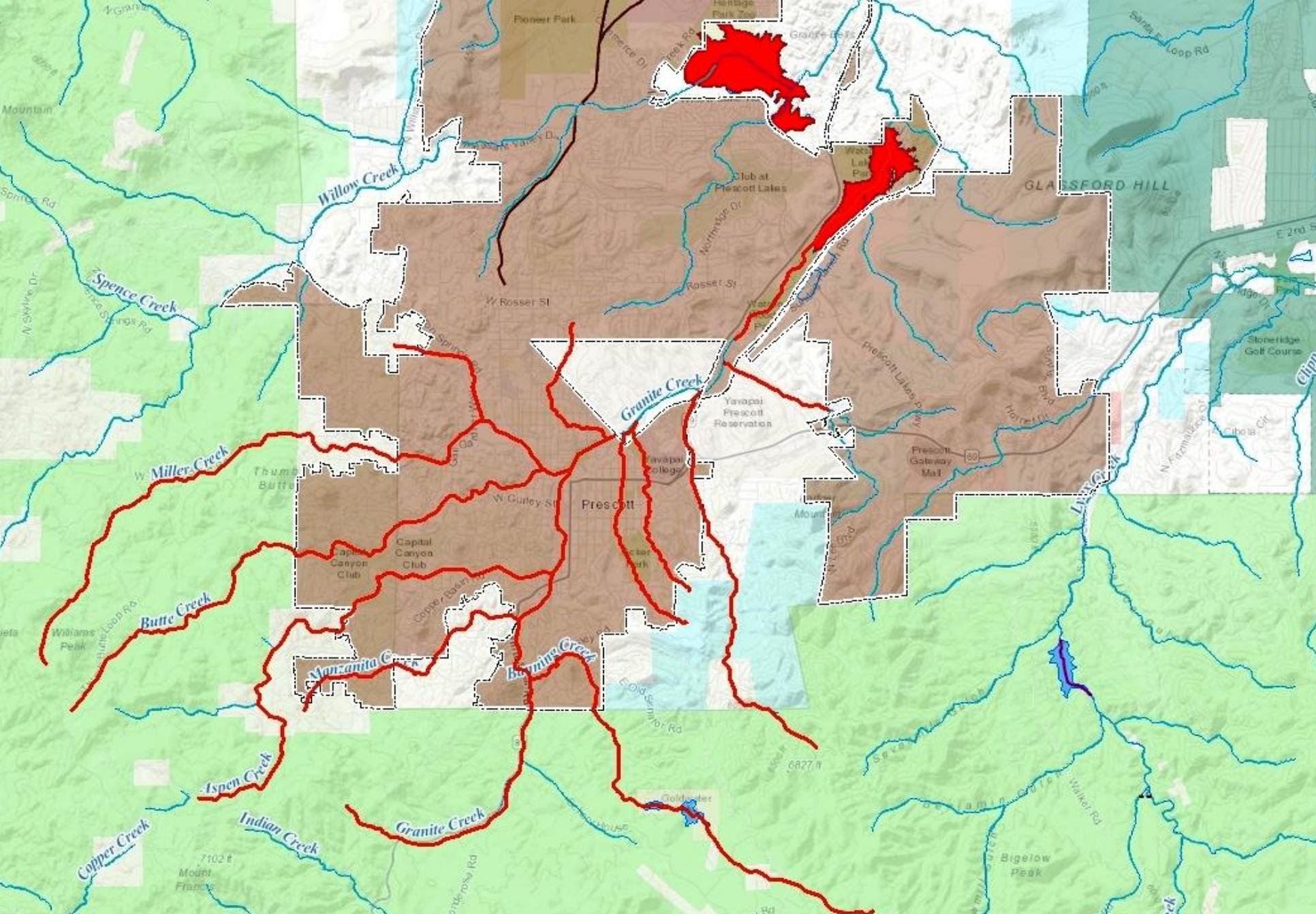
November 2015  
Open File Report 14-08

ADEQ continues to pursue **projects that remove sources** rather than treat their symptoms.

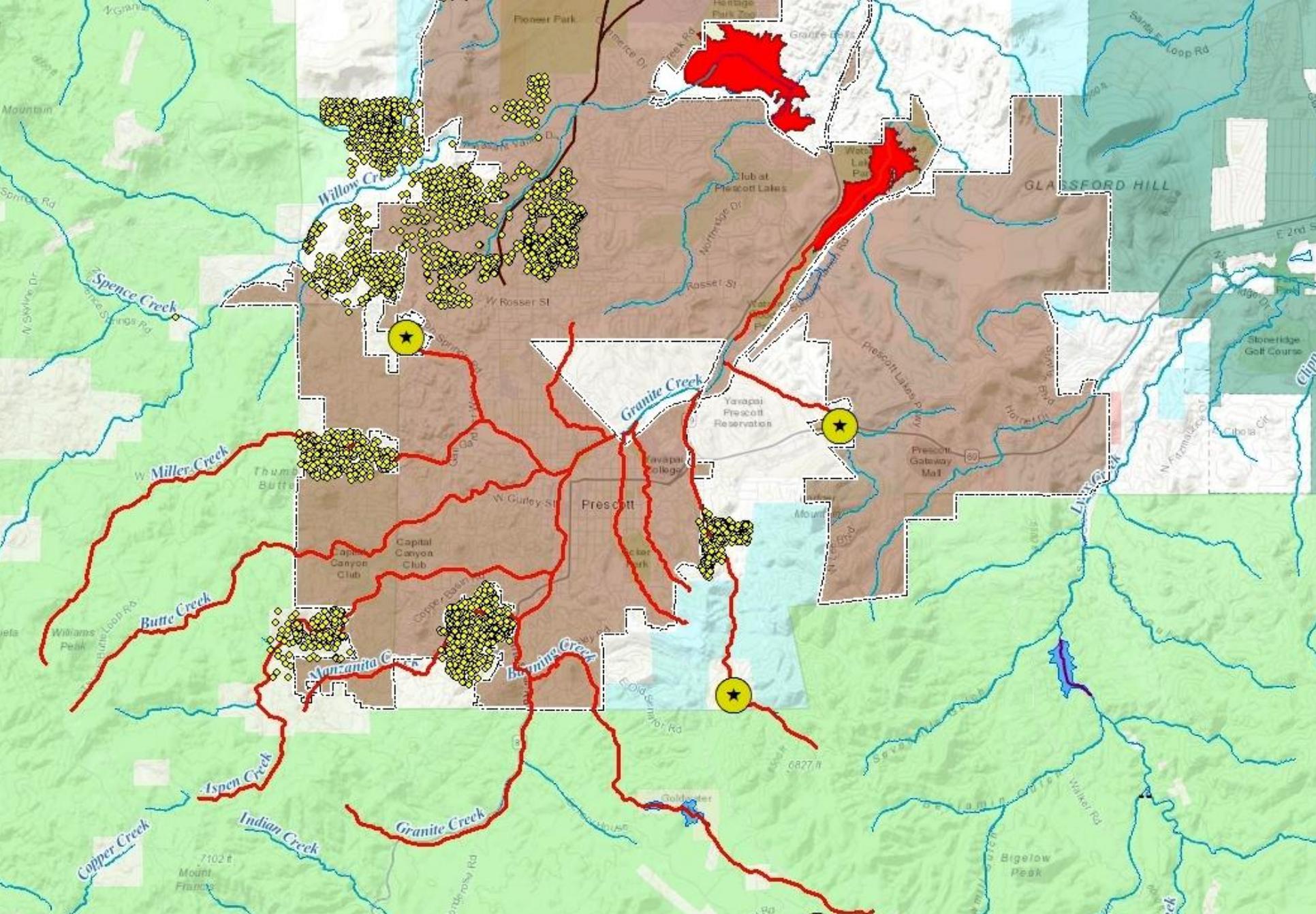
...potential sources of pollution were identified as: aging and degraded municipal sewer infrastructure; **failing or ill-maintained septic systems...**



USGS TNM - National Hydrography Dataset. Data Refreshed July, 2019. Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, Esri China (Hong Kong), swisstopo, © OpenStreetMap contributors, and the GIS User Community, Yavapai County



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USGS TNM - National Topographic Dataset. Data Refreshed July 2019. Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, Esri China (Hong Kong), swisstopo, © OpenStreetMap contributors, and the GIS User Community, Yavapai County

# SEPTIC SYSTEM IMPACTS

SEPTIC DISCHARGES A LOAD OF 19 LBS/YR OF NITRATE

$$109 \text{ Septic Systems} \times \frac{19 \text{ lbs Nitrogen}}{1 \text{ year}} \times \frac{1 \text{ year}}{365 \text{ days}} = \frac{5.67 \text{ lbs Nitrogen}}{\text{Day}}$$

Ownership	Watershed Area (%)	Waste Load Allocation TN (lbs/day)
Unallocated WLA		0.80
City of Prescott	17.56	5.66
Yavapai County	10	1.42
Total WLA	49	7.88

*Watson Lake TMDL*, “**Permittees can demonstrate compliance with the WLA by either direct sampling of outfall discharges or demonstration that best management practices quantitatively reduce the discharge of pollutants**”

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# FUTURE ITEMS FOR DISCUSSION

- Policy
- Impacts
- Penalties
- Assistance Options
- Infrastructure

# SUMMARY

This is an important issue:

- Protects City water supplies
- Protects and promotes health of AMA
- Improves the health of creeks, lakes, and aquifers
- Ensures City investment in infrastructure is worthwhile

# STUDY SESSION SCHEDULE

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Committee will have representatives from each region, and this year for the first time every citizen will be able to respond to the census online. The Prescott Library will have the computer hardware for citizens to do this on their computers if necessary. April 1<sup>st</sup> is official Census Day, and the goal is to complete the process and provide count data to The President's office by Dec. 31<sup>st</sup>.

C. Presentation of Proposed Water Policy Changes on Sewer Requirements.

Senior Assistant City Attorney Clyde Halstead introduced the presentation to Council as the next phase of this summer's ongoing discussion regarding Water Code Changes, and today will be based on Sewer Requirements and will continue over a few meetings because it is a large topic. He again encouraged the public to participate in the discussion and provide comments through the City website.

City Manager Michael Lamar commented that while staff has scheduled discussions to go through the September 10th Council Meeting, that is not a "drop dead date" to make a decision regarding these changes, it is just a schedule that we have laid out based on the work that staff has been doing. Discussions can continue if necessary.

Mayor Mengarelli commented that it might be a good option to have one or two public forums of some kind outside of a regular Study Session Meeting of Council in order for the public to engage with staff and discuss. Perhaps scheduling it in the evening hours would be good.

Mayor Pro Tem Orr echoed the Mayor's comments and said that it is very important for the community to be involved in the process.

Mr. Halstead agreed and said that to this point staff has received a total of four public comments through the information published on the City website.

Public Works Director Craig Dotseth continued the presentation stating that there is currently no current code requirement to connect to sewer and many properties still develop with septic systems.

Unsewered Overview:

\* Approximately 1200 existing utility accounts, within city limits, that are not connected to sewer

\* Approximately 3850 lots with an existing building within city limits, are not connected to sewer - of those lots 1836 are within 0-50 feet of an existing sewer line

It is very complicated and there are a variety of scenarios impacting connecting to sewer versus not connecting and this will take additional research in order to establish what is the best way to connect to sewer on a larger scale.

Proposed New Policy:

\* New Construction - all new construction must connect to the city sewer system

\* Existing Construction - all existing construction that is not connected to the city sewer system must connect when the infrastructure is available for that property (sewer is considered available when any part of the City's sewer system borders any part of the property)

Councilman Blair commented that he is concerned about a blanket policy that would inhibit a property owner's opportunity to build if they cannot connect to sewer, it becomes too restrictive. If septic is their only viable option why wouldn't we just charge an extra fee for not returning the extra effluent to the system.

Mr. Halstead stated that this is already our current policy, we are just looking at rolling it into the Code.

Mayor Mengarelli asked about the possibility of considering an appeal process for situations like the one Councilman Blair discussed.

Mr. Halstead said that could definitely be an option.

Mayor Pro Tem Orr said that she would agree with allowing an appeal option.

Mr. Dotseth also discussed possible options like appeals, variances for citizens as we move forward with these changes, and reiterated that all of these complexities are why they are not yet ready to move forward with any changes and will continue to review the issues surrounding existing construction.

Why Connection to Sewer is Important:

- \* Reclaimed water is an important part of the city's water portfolio
- \* Surface and ground water quality can be improved and protected
- \* Ensure city investments are worthwhile

Reclaimed and Recharged Water:

- \* Reclaimed water is used to offset pumped groundwater
- \* More reclaimed water to the water reclamation facility = less net groundwater use
- \* An important action in helping the AMA to reach safe-yield

Councilman Blair discussed the map that staff reviewed and the approximately 700 homes in north Prescott which are not connect to the mainlines and how we could legally make them do so.

Mr. Halstead said that will be discussed further, but that primarily it is a health and safety matter.

Mayor Mengarelli asked what the cost is in order to do this and how it possibly increases the property value for a home to be connected to sewer.

Environmental Coordinator Matthew Killeen discussed water quality and the impact of septic system pollutants including nitrogen, phosphorus, e. coli and ammonia. We have the opportunity to address these issues through best management projects but it is just a bandaide, and we currently have fourteen impaired bodies of water.

Septic System Impacts:

- \* Discharge a load of 19 pounds per year of nitrate
- \* If the city were to abandon 10% of the systems (approximately 109) it would save 5.67 pounds of nitrogrn discharge per day

Mr. Halstead said that the future items for discussion with include:

- \* Policy
- \* Impacts
- \* Costs
- \* Assistance Options
- \* Penalties
- \* Infrastructure Needs as there are currently no planned capital projects that include sewer infrastructure

Councilman Blair asked how much the total number of unsewered properties being charged additionally would bring in and if that could be used toward sewer infrastructure.

Finance Director Mark Woodfill said that would add up to approximately \$12-\$15 million and the Council could take those funds and determine how they would like to use them, but it would still be a need in the capital program for additional projects.

Councilman Goode echoed Councilman Blair's suggestion and commented on the importance of a cost/benefit analysis before making any changes to the policies or codes. He also stated that he thinks it would be important to come up with a ballpark number for the what cost of construction and connection and permit fees would be for each lot.

Mr. Lamar said that every comment has been valuable and it is important to remember we don't have to reinvent the wheel but look at our variety of options and see what will work best for our community.

Mayor Pro Tem Orr said that she is glad we are talking about all of this, and reiterated the importance of looking into means testing as well.

Mr. Dotseth generally discussed the permit fees and construction costs associated with connection to city sewer.

Mr. Lamar said that he has heard people say the City wants to do this because we want reclaimed water for development, however, he reiterated that is not the case it is for the aquifer.

Councilman Sischka brought up the option of providing incentives for people who are on septic with use of the most efficient products.

Mr. Halstead reminded Council of the recently adopted Incentives Program from early July which does give additional reimbursements for septic customers.

Councilman Lamerson asked when the last time was that staff looked into applying for EPA Grants.

Gordon Bond, Prescott Resident, addressed Council regarding recently talking to someone who was confused about if he was going to be forced to switch to sewer from septic and found the information provided online to be very difficult to understand, would suggest if we want more public interest we need more information on the website. Consider what implications are for costs for residents and implications for developers, and what it means for aquifer.

Leslie Hoy, Prescott Resident, addressed Council and thanked them for listening to public comments from previous sessions. She stated that CWAG comments would be coming on the information, and said that she has been at all sessions and reviewed all documents provided and she has a few specific comments: 1. She supports putting everyone on sewer but it is unfair to expect everyone to pay that, she does not buy that the incentive is not for the development and feels that the city should pay for it with use of alternative water fees. 2; Her opinion is that much of the proposed policy is driven by negotiations with AZ ECHO and other large developers, and she would appreciate Council being up from about all motivations for proposed projects; 3. She is happy to hear that adoption of policy will be delayed until real discussions have taken place, 4. Recommended that at least 2 sessions are held when working people would be able to attend.

Jack Howerton, Prescott Resident, addressed Council regarding the earnest money he has placed on a property in town and is now having issues regarding being able to build on the land and sewer rights and he is concerned because of the upcoming policy changes that may impact how he can move forward.

Council and staff assured him that staff will meet with him to discuss specifics and get him correct information.

Cerry Garcia, Prescott Resident and Realtor, addressed Council regarding existing policy being turned into code and stated that she has not been able to get a straight answer on what can be done with Mr. Howerton's property. She said they were informed that it would cost \$75,000 to connect based on a study that was done several years ago on the parcel, and she is concerned that there are a lot of parcels in the city that are not able to connect rendering them useless. She wants Council to consider how they proceed with changing policy to code.

Howard Mechanic, Prescott Resident, addressed Council as one of the four people who submitted written comments and he agrees that we need to explain how properties will be worth more if they are severed, and we need very specific facts and focus on particular areas as these changes are made. He said the city would benefit if it got affluent, it doesn't need it but it will get a valuable commodity and those are two good benefits so is the city willing to pay for that commodity and how much are they willing to pay. Many older homes are using more water than the newer homes so we will capture a lot of affluent from those properties. The city needs to go to these individuals and have neighborhood meetings for individual areas to get the information out. He is not proposing depletion of the General Fund but the city will get monetary benefits out of it.

Mayor Mengarelli stated that we have obligations and priorities for spending so we will have to look at all of that.

Mr. Lamar said that there are a lot of factors to consider for this and determining what the options are.

Mayor Pro Tem Orr said all of these comments and been great and reiterated that she would like to push this out further in order to involve the public more and that she likes the idea of neighborhood meetings. She also said the we need to consider the cost of housing in Prescott as well.

Councilwoman Scholl said that it is important to step away from this setting and speak in layman's terms so that our staff can develop a way to show our citizens what the proposed changes are. She has heard a lot of people say that our water policy changes are pro-growth or pro-development, there are a lot of reasons to serve water outside of city limits that don't have anything to do with development it is for the long term sustainability of our community.

#### **4. ADJOURNMENT**

There being no further business to discuss, Mayor Mengarelli adjourned the meeting at 3:26 p.m.

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GREG MENGARELLI, Mayor

ATTEST:

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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 13th day of August, 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