



CITY COUNCIL STUDY SESSION MEETING

STUDY SESSION MINUTES

TUESDAY, JANUARY 11, 2022, 1:00 PM

201 S. Cortez Street
Prescott, AZ 86303
Council Chambers

Phil Goode, Mayor

Cathey Rusing, Mayor Pro Tem
Brandon Montoya, Councilman
Eric Moore, Councilman

Jessica Hall, Councilwoman
Steve Sischka, Councilman
Clark Tenney, Councilman

MINUTES OF THE STUDY SESSION OF THE PRESCOTT CITY COUNCIL STUDY SESSION HELD ON JANUARY 11, 2022, IN THE 201 S. CORTEZ STREET PRESCOTT, AZ 86303 COUNCIL CHAMBERS.

1. CALL TO ORDER

Mayor Goode called the meeting to order at 1:01 p.m.

2. ROLL CALL

Phil Goode	Mayor
Cathey Rusing	Mayor Pro Tem
Jessica Hall	Councilwoman
Brandon Montoya	Councilman
Eric Moore	Councilman - Excused
Steve Sischka	Councilman
Clark Tenney	Councilman

3. DISCUSSION

A. Presentation of the Draft 2022 Updated Water Policy.

City Manager Michael Lamar introduced the presentation and discussed the Mayor's desire for staff to look into policy changes which has been taking place over the last few months. Draft copies have been distributed and are available on the city website. This is the start of the process for Council to review and revise as well as receive input from the public. In the interest of time staff has been working on the key issues and momentum for those that are elected.

Mayor Goode commented that he has been advocating for a more rational water policy than what was adopted in 2019 for some time and his goal is to be as transparent as possible and involve the public in comments. This will also be brought back in the next month to two for adoption.

Mr. Lamar commented that many different departments are working together on getting this put together.

Councilwoman Hall asked how the review process will work and if this policy is a completely new draft.

Deputy Public Works Director Gwen Rowitsch responded that this is a revision to the existing policy which uses the Water Resources Model as a guide, as well as some additions to the policy making it more robust.

Mr. Lamar commented that this discussion will likely be multiple study sessions to incorporate the public changes and then adopt one new water policy. Will look at a couple of additional items to be revised in addition to the policy as a whole for revisions (i.e., items that are in city code which are not part of the water policy).

Councilman Montoya asked if the Water Issues Subcommittee will be part of this process as well.

Mr. Lamar responded that if the desire is to have it be vetted through the Subcommittee they can request that, otherwise it can be simply at the Council level.

Mayor Goode added that he will be forming an Ad Hoc Committee following the adoption of the policy to monitor the effectiveness.

Councilman Sicshka added that if you are a stakeholder and you don't speak up you are going to get what you get.

Ms. Rowitsch provided a presentation to Council regarding the proposed updated policy. This is a first draft of the 2022 Water Management Policy. Historically the city has reviewed and adopted policy on an annual or semi-annual basis.

Prescott is part of the Active Management Area (AMA) which also includes Chino Valley, Prescott Valley, Dewey-Humboldt, the Yavapai Prescott Indian Tribe and unincorporated Yavapai County. The purpose of the AMA is to place an emphasis on conservation replacing groundwater use with renewable supplies, recharge, and water quality management to reach safe yield by 2025.

Water Management Policies, Goals & Objectives:

- * Public education
- * Tiered water rates
- * Conservation
- * Incentive rebate program
- * Reclaimed water from Willow and Watson reservoirs

- * City recharge facility
 - System wide water return rate is 70% (currently approximately 65%)
- * Meet ADEQ water quality standards
- * Work toward AMA wide goal for safe yield

Councilwoman Hall asked how Prescott does with recharge in comparison to other communities.

Ms. Rowitsch stated that we don't compare ourselves to other communities but try to do better than in past years and we meet state standard of at least 60%.

The city is currently working under the 2009 Decision and Order (D&O) of Assured Water Supply. Modification for 2022 has been submitted and is under review by the State.

Categories of Water:

- * Groundwater
- * Alternative Water
 - Direct delivery treated effluent
 - Treated effluent for storage and recovery
 - Long-term storage credits
 - Surface water for storage and recovery
- * Big Chino Groundwater – not currently available to us

Mayor Pro Tem Rusing commented that the city's assured water supply is 16,000 acre feet (AF) per year and could change with the current Decision & Order modification, and the Big Chino is capped at 9,000 AF per year if we build the pipeline which is shared with Prescott Valley (we are 54%).

Physical Water Supplies:

- * 2 Well Fields – CV & Airport
 - Water quality based on disinfection with chlorine and arsenic addressed through blending and treatment
- * Wastewater
 - Sundog Treatment Plant
 - Airport Water Reclamation Facility for direct use and recharge

Integrating Laws with State and Other Legal Obligations:

- * 1988 Growing Smarter/Growing Smarter Plus Legislation integrates water resource availability and future growth and is part of the General Plan which was adopted in 2015
- * Water Resource Management Model (WRMM) is a long-range planning tool that looks at current demands, committed demands and projected demands; uses are calculated with utility billing records updated annually

Water Management & Conservation Planning:

- * Lost and Unaccounted for Water – difference between what we pump and what is sold through a meter (leakage, faulty meters, illegal connections etc)
- * Arizona Department of Water Resources (ADWR) dictates it is not to exceed 10%
- * COP loss - 8.07% over the last twenty years (2000-2020)

Councilman Montoya asked about the increase in losses over the last two years.

Ms. Rowitsch said that during construction lines are flushed and there have been breaks over PVC pipes over the last few years as well which prompted the change to ductile iron so changes to address those issues.

Conservation Tools:

- * Conservation Awareness – public events, education, site water audits
- * Rebates for Water Saving Fixtures - turf removal, toilets, washing machines, rainwater harvesting
- * Website On-line Tools - native and low water use plant book, landscape designs

Water Usage:

- * Has been flat despite population increase
- * 2020 drought conditions – lack of snowpack, increase in potable water use

Mr. Lamar noted that without the Big Chino our ability is to pump approximately 16,507 which is more than double the actual pumping currently. We currently serve approximately 24,000 connections. So even if the population were to double could still service the customers even without the Big Chino Water Ranch.

Councilman Tenney stated that is a very important thing to take note of. He also noted that with the exception of 2020 if you look over the last decade, we are looking at flat water usage despite growth which speaks well of conservation efforts and sustainability of water portfolio.

Gallons Per Capital Per Day (GPCD):

- * Divide the total volume of water sold to all users by the number of people being served
- * 2000-2020 – 170 GPCD reduced to 112 GPCD; low in 2019 of 107 GPCD

Drought Management Plan:

- * HB2277 passed in 2005 - AZ Water providers must develop a drought preparedness plan
 - City code 3-10-11 adopted in 1992 sets restrictions during water shortages
 - 2007 city drought plan completed and updated in 5-year intervals and includes providing quantity of water meeting quality standards, minimizing disruption of economic/business/residential, maintaining public trust through communication, providing a balanced/equitable plan, and providing a comprehensive/logical/coordinated plan

Available Water Supplies:

- * Groundwater 9,466.02 AF

- * Alternative Supplies 7,041.42 AF
- * Total 16,507.44 AF
- * WRMM Demands (provisional based on ADWR review of the D&O Modification)
 - Current 9,328
 - Committed 3,534
 - Projected 1,667 (based on current zoning)
 - Total 14,529 (at buildout)

Councilman Montoya asked what limitations exist with the modeling.

Ms. Rowitsch responded that it is a scientific analysis of supply.

Mr. Lamar added that these numbers assume today's consumption rates with today's technology. Our numbers have changed over the years because of advanced technology and that will continue to be the case.

Public Works Director Craig Dotseth also stated that information included in the modeling is coming from existing wells, scientific analysis, geology, and water movement studies, etc. That is true for ADWR as well. Current demand is the total demand (pumped, treated effluent, etc) or total used of all waters combined. Committed includes all historical agreements that are in place.

Councilman Sischka asked what the depth of our well in Chino Valley is.

Mr. Dotseth responded that those are about 150-200 feet or so and at the Airport about 450 feet. Typically when we have a wet winter or monsoon season, then we see difference in our wells within a few months.

Councilwoman Hall asked about conversion from wells to sewer system and how the city's water supply and usage would be impacted if every well was moved to the city system.

Mr. Lamar responded that this happening would have the benefit of additional recharge, but it is very unlikely that there would ever be a time when every lot is connected to the city system. However, if that hypothetical did happen, assumption usage amount is a maximum and accounts for that.

Ms. Rowitsch confirmed.

Mr. Dotseth added that there are properties that are not annexed in that are calculated into the projected figures.

Mayor Goode commented that future annexations would be an addition to this or changes in zoning as well. Even though we have the 16,507 water supplies available doesn't mean that is what we could or should pump to that number. He feels the city needs to consider how it can be a leader to the surrounding communities.

Mr. Lamar added that Chino Valley is part of our system and they are receptive to our conservation measures, which is beneficial. Prescott Valley presents more of an opportunity for that type of conservation relationship than there has been in the past, but leaving the water in the ground is certainly a better plan.

Councilwoman Hall asked what the city's legal obligation is to provide water that it is entitled to. She added that just because the city would deem to use less water than they are entitled to does not necessarily mean that others would follow suite and there is an understanding that Prescott needs to provide the water it has to customers.

Assistant City Attorney Dana Walsh responded that ADWR approves the amount of water available and then this is the amount there is to serve the community. Particularly because Prescott is a designated/assured water supplier the situation is much more secure than others so are, therefore, obligated in that sense.

Councilman Sischka commented that if Council built a wall around Prescott, people would build right up to that, so we can only really control what happens within our boundaries. Additionally, he asked when looking at other communities as a comparison everyone keep in mind that they have things like the Central Arizona Project as a part of their water supply.

Draft Policies:

I. New Applications

Policy 1 - In order to receive water service a Water Service Application (WSA) must be submitted and include a formal site plan or a preliminary or final plat application.

Policy 2 - The City Manager or designee may: 1) direct any requested for water to Council for consideration and approval/denial or 2) administratively approve requests for up to 8 multi-family and 4 single-family residential dwelling units, that are not subject to subdivision rules; and non-residential projects with an estimated water usage of 1 af/yr or less (small office or retail business with limited water usage).

Ms. Rowitsch stated that anything over 1 acre foot per year would have to go through a review again, through Water Issues Subcommittee and then to Council. Requirement for site-plan approval is new but other items are the same as the current policy.

Councilman Montoya asked staff to address the process for reviewing and administratively approving water approvals, he feels that administrative approvals need to exist but is curious on the process of their determinations.

Mr. Lamar responded that there are a number of trigger points including comparisons to similar businesses, topographic challenges, etc. Want to allow people the opportunity to avoid red tape as much as possible.

Policy 3 – Estimated water usage shall be based on the usage by similar project type as determined in the WRMM, unless a demand analysis is requested by the city. The WRMM shall be updated in

January of each calendar year, incorporating the most recent rolling 5-year average. Update water usage estimates by project type shall be presented to the Water Issues Subcommittee annually at its March Meeting as a discussion/information only item. For calendar year 2022 the following use estimates in acre feet (AFY) shall be used: Single-Family Residential shall be estimated at 0.17 af/yr per dwelling unit, Multi-Family Residential shall be estimated at 0.12 af/yr per dwelling unit, low water landscaping shall be estimated at 1.5 af/yr per acre of landscape area per ADWR guidelines.

Policy 4 – the city shall require a water demand analysis for all non-residential projects. Residential projects may require a demand analysis at the city discretion. This analysis will be performed by a civil engineer at the applicant’s expense. In lieu of a water demand analysis, the applicant may provide historical water usage information for a similar facility or use but if the facility or use is not sufficiently similar the city may require an analysis performed by a civil engineer.

Policy 5 – the city may require a cost benefit analysis for any project at the applicant’s expense. The cost benefit analysis may be used by the city to help evaluate whether the project is an appropriate use of the city’s limited water resources.

Councilman Montoya commented that he has some issues with the language, i.e., “the city” and feels it should perhaps be the “city manager” or designee, etc.

Councilman Sisckha stated that he would like to see a policy that says the city will attempt to help applicants consider what your consumptions might be before you have to go to a civil engineer, because we want commercial and industrial to not go to competitors. Need to be customer service focused.

Mr. Dotseth responded that a situation like that happened recently for a distribution center that is coming into the community and the estimates were off, staff helped them in order to appropriately compare.

Mr. Lamar stated language such as “the city will assist in a water comparison analysis and if it cannot be done then a civil engineer will be sought out” would be beneficial. This would meet the desire of council to provide customer service while also ensuring the water conservation needs are met.

Council consensus to handle in that way.

Councilwoman Hall asked if the possibility of having to conduct a cost benefit analysis would cause delays with commercial growth and opportunity in process.

Mr. Lamar responded that it may need to be on a case-by-case basis or something that is determined by Council.

Mr. Dotseth added that this is included in our current policy and is not a new burden.

Mayor Goode stated that this would only be triggered if there was a unique proposal that we had not seen before, etc. to determine if it is justified.

Policy 6 – Approved WSAs will expire one year after date of submission if the project is not considered by the Water Issues Subcommittee or administratively approved. Once a WSA expires it will need to be re-submitted for consideration pursuant to the then-current water management policy and water budget.

Policy 7 – in the event a property applying for water services has an existing entitlement to water from the city in a reservation, contract, or other historic agreement that entitlement must be fully utilized before the city will consider approving additional water for the property.

Councilman Sischka expressed his concern with the one-year mark because some projects take much longer than that and he worries that people may end up missing out.

Ms. Rowitsch responded that even if a project takes several months following submission before it makes its way to an agenda for review it will still be reviewable and this will ensure it is done in a timely manner. She added that this is not in the current code and is reflective of the legal advice from the City Attorney regarding an issue that came up since the last time the water policy was updated in 2019.

City Attorney Matt Podracky asked what we are trying to accomplish with this portion of the policy.

Mr. Lamar stated that this is a use what you've been given before you come and ask for more.

Mayor Goode added that this came out of wanting to insure that in the future situations where density would drastically change in the future. This is closing a loophole.

Mayor Pro Tem Rusing proposed that the Water Issues Subcommittee review this item at their next meeting.

Member of the public Yvonne Dorman addressed Council regarding issues with Fire safety in her neighborhood.

Mr. Podracky advised Ms. Dorman to wait for the open call to the public at the voting meeting.

Member of the public Howard Mechanic addressed Council regarding the city working toward safe yield, it is required that the other parties in the AMA work with the city in reaching that so they must invite the other parties to reach safe yield otherwise it is confusing to the public. With regard to selling water outside the city limits, the question is what is the reason that it is a good

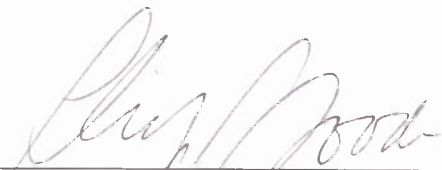
idea not to consider a proposal/why can't the council consider a proposal when the party cannot annex but would provide benefits to the city of Prescott.

Member of the public Jeri Smith-Fornara addressed Council regarding the 1980 bill and founding of the AMAs, she believes we need to bring everyone up to snuff on water issues. Tucson has been the best at conserving water in Arizona, Cave Creek is as well.

This item was for presentation only, no formal action was taken.

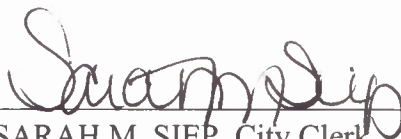
4. ADJOURNMENT

There being no further business to discuss, Mayor Goode adjourned the meeting at 3:01 p.m.



PHILIP R. GOODE, Mayor

ATTEST:

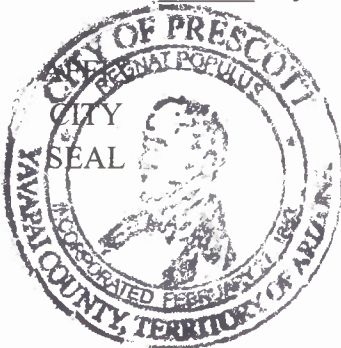


SARAH M. SIEP, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council Study Session of the City of Prescott, Arizona held on January 11, 2022. I further certify the meeting was duly called and held and that a quorum was present.

Dated this 27th day of January, 2022.





Sarah M. Siep, City Clerk