

City of Prescott
**Council Subcommittee on
Water Issues**



June 6, 2023 | 9:30 AM
201 N Montezuma Street
Council Chambers, 3rd Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

Member Montoya called the meeting to order at 9:32 a.m.

2. ROLL CALL

Chairperson Rusing - Excused
Member Montoya
Member Sischka

3. PUBLIC COMMENT

Public comment will be accepted following each agenda item and are limited to three (3) minutes. Please complete a comment card and return it to the City Clerk, speakers will be called in the order received.

4. DISCUSSION & ACTION ITEMS

A. Approval of the May 2, 2023 Meeting Minutes.

MOTION BY MEMBER SISCHKA TO APPROVE MAY 2, 2023 MEETING MINUTES; SECONDED BY MEMBER MONTOYA: PASSED (2 - 0)

B. Monthly PFAS Update.

Utilities Manager Steve Olfers provided a presentation to the Subcommittee regarding PFOS updates stating that staff is waiting for the final Environmental Protection Agency (EPA) ruling. He stated that comments are still coming into the EPA and staff will hear more by late summer. City staff has collected samples for the second quarter, and the blending process is still producing non-detect levels at the Chino entry point to the distribution system (EPDS). Additionally, Airport well number five is still out of service due to noncompliance with the proposed rules.

Member Montoya asked if there are any concerns about meeting demand with summer approaching and if staff is still considering potential mitigation options for Airport well number five.

Mr. Olfers replied that there are no concerns and that there is plenty of capacity to meet any challenges. Staff is waiting on the report from Waterworks Engineers, who has been consulted to provide options regarding the best

financial and production approach to Airport well number five, and will share that with the Subcommittee when received.

Member Sischka asked if the fire-fighting foam that has caused Airport well number five's closure has been reviewed for reconstitution.

Mr. Olfers responded that the military is working on some other type of combination, but to his knowledge, federal rule still calls for the use of the aqueous film forming foam (AFFF) in those types of situations.

- C. Current Residential & Non-Residential Water Budget Overview for January 1, 2023 through May 15, 2023.

Water Resources Manager Brian Ruiz provided a presentation to the Subcommittee regarding the current residential and non-residential water budget.

Residential

Between January 1 and May 15, 2023, eight (8) residential projects were approved, totaling 14.84 acre-feet (AF). Five (5) projects were administratively approved, and three (3) were Council approved.

Total AF Budgeted – 25 AF

Total AF Approved – 14.84 AF

Total AF Remaining – 10.16 AF

Non-Residential

Between January 1 and May 15, 2023, twelve (12) non-residential projects were approved, totaling 13.25 AF. Eleven (11) were administratively approved, and one (1) was Council approved.

Total AF Budgeted – 25 AF

Total AF Approved – 13.25 AF

Total Remaining – 11.75 AF

Member Montoya asked what happens if one of the approvals in either category does not proceed.

Mr. Ruiz replied that the water service applications are tied to the permit and administratively or Council approved permits that do not move sufficiently through the process are reallocated to the water budget.

Projects Under Existing Contracts

Between January 1 and May 15, 2023, there were 24 projects currently under existing contracts. Twenty-two (22) were single-family homes, primarily in groundwater subdivisions. One multi-family permit accounts for 458 units totaling 63.84 AF. There were 482 residential dwelling units approved under existing contracts totaling 68.22 AF through this period.

- D. Presentation and Discussion Regarding the July to December 2023 Residential & Non-Residential Water Budgets, in Accordance with the 2022 Water Management Policy, Policy No. 11.

Mr. Ruiz provided a presentation to the Subcommittee regarding the July through December 2023 water budget beginning with the January-June 2023 water budget summary:

Residential

Water Budget – 25 AF

Total Approvals – 14.84 AF

Total Remaining – 10.16 AF (59% of the budget)

Non-Residential

Water Budget - 25 AF

Total Approvals - 13.25 AF

Total Remaining - 11.75 AF (53% of the budget)

Mr. Ruiz continued with the July-December 2023 proposed water budget stating that the L'Reserve Apartment project is an outlier and, given the possibility that not all of the projects shown will come through in the next six months, the projected 25 AF seems adequate:

Potential Residential – 25 AF

Espire Sports Casitas – 3 AF

Townhomes at the Ranch - 2 AF

Rincon Ridge – 3.5 AF

Senator Drive-in Subdivision – 7.5 AF

L'Reserve Apartment & Townhomes – 10.00 AF

Potential Non-Residential – 25 AF

Plaza Hotel – 4 AF

New Office Building - <1 AF

Quik Trip – 2.5 AF

Member Montoya asked if there was an update regarding the water budget management.

Water Resource Project Manager Leslie Graser responded that the eight policy changes that did not move forward to Council included the water budget, so changes will not be reflected in this budget cycle.

Mr. Ruiz commented that staff has been working on documenting existing contracts, Water Resource Management Model (WRMM) disconnects and collaboration with the WRMM consultants.

Member of the public Peter Kroopnick addressed the Subcommittee stating that the city will need the water being pumped to the storage tank to service the development on Highway 69.

Mr. Olfers stated that the 1.5 million gallon water tank being constructed is a replacement for the water tanks that have aged out – all water will be combined into the new tank and Airport well five will not need to be used.

MOTION BY MEMBER SISCHKA TO FORWARD THE RESIDENTIAL AND NONRESIDENTIAL WATER BUDGETS TO COUNCIL FOR APPROVAL; SECONDED BY MEMBER MONTOYA: PASSED (2 - 0)

- E. Discussion and Update Regarding the City's Participation in Comprehensive Agreement No.1.

Water Resource Project Manager Leslie Graser provided a presentation to the Subcommittee regarding Comprehensive Agreement No. 1 beginning with an overview of the history of the agreement:

- Big Chino supplies were put into the Decision and Order (D&O)
- Contestation and litigation ensued
- Litigation ceased with remaining concerns
- City worked with the downstream water right holder and Prescott Valley
- Comprehensive Agreement No. 1 formed which launched the city into monitoring and modeling

Ms. Graser continued with an overview of the structure of Comprehensive Agreement No. 1:

Principals

Prescott City Manager
Prescott Valley Town Manager
Salt River Project (SRP) Manager

Steering Committee

Prescott – Leslie Graser
Prescott Valley - Neil Wadsworth
SRP – Adam Smith

Specialized Technical Consultants

Prescott and Prescott Valley – Matrix New World (Southwest Groundwater)
SRP – LRE Water

Ms. Graser explained that a description of the Agreement in Principle and Comprehensive Agreement No. 1, including the related resolutions and contracts are available on the city website and continued with an overview of the Modeling Update. Contract Allowance Authorization No. 4 was fully executed on May 4, 2023 with the intention to have it completed by July 18, 2024. The remaining contract allowance, which staff feels will be needed, is \$17,880.51. She pointed out that the money for this project has been funded and staff is not seeking Council approval for more money – the \$5.6 million received was split three ways and has been in the bank for almost four years. A kick-off meeting was held on May 17, 2023, where staff learned that project management had shifted to Adam Finch and the project start date had been moved to May 16, 2023. Ms. Graser commented that there is a lot of work to be done before the fourth final report is complete - the next steps are for the technical specialized consultants to run model scenarios focusing predominately on pumping and pumping location within the basin, model performance, and the future of the model.

Member Montoya asked if staff has a timeline of when the modeling component will be completed.

Ms. Graser responded that she would have to consult the partners; the delay with WSP (formerly Golder) had put a hold on the contract signing, adding that she expects it will be six to nine months before completion.

Member Sischka asked what the outcome of this process would look like in a perfect world.

Ms. Graser replied that it is important to have clear and strong communications with downstream partners, a strong model that can be used for future planning, and potential mitigation that is trackable. This model's intention is to see if there would be any impacts on the Upper Verde related to pumping in the Big Chino area.

Member Sischka asked if the ideal outcome would be that the Verde River was not impacted.

Ms. Graser responded ideally none to very limited impact, adding that any time there is a population that no longer migrates from a location that is pumped from, there can be impacts; the potential impacts are unknown at this point.

Member of the public Peter Kroopnick addressed the Subcommittee stating that the schedule Ms. Graser presented does not include public comment and it would be a good idea to include that in the building of the scenario portion.

Ms. Graser agreed that public outreach is important. However, because this is a three-party agreement, it is not solely up to the city on how the public interfaces.

F. Discussion Regarding Proposed Water Legislation Impacting the City of Prescott & Surrounding Areas.

Mr. Ruiz provided a presentation to the Subcommittee regarding the Proposed Water Legislation impacting the city and surrounding areas, stating that the Northern Arizona Municipal Water Users Association (NAMWUA) has been tracking the water legislation and at this point has looked at approximately 80 water-related bills and has made 18 recommendations in support and opposed four (4). Mr. Ruiz reviewed those bills that have an impact on the local area:

HB2765 – water resources and treatment. This bill appropriates \$5,000,000 from the General Fund in fiscal year 2023-2024 for the Arizona Department of Environmental Quality (ADEQ) to identify, contain and treat water resources for PFAS and PFOS. This bill has died as it could not make it out of committee.

SB1432 – assured water; small residential developments. This bill will require anyone seeking building permits for more than six residential units within an active management area (AMA) in an unincorporated county area to obtain a certificate of assured water supply from ADWR before presenting the permit

application for approval to the county. This requirement will not apply to an applicant who has obtained a written commitment of water services from a city, town, or private water company designated as having an assured water supply. Details are being worked out within the legislature to allow the bill to move forward.

Member Montoya asked if this would have an impact on development in Yavapai County in unincorporated areas.

Mr. Ruiz confirmed.

HB2793 – water-efficient plumbing fixtures. This bill requires all fixtures in the state to meet or exceed the EPA's Water Sense Program standards and will require all state buildings to make every effort to install waterless urinals by August 25, 2024. This bill has died as it could not make it out of committee.

SB1660 – water effluent credit. NAMWUA remains neutral; however, the Arizona Municipal Water Users Association (AMWUA) opposes this bill. This bill stems from a specific problem in the valley with beverage manufacturers using too much water and creating discharge issues. This bill would allow industrial users to treat and store their water and obtain long-term storage credits. This bill made its way through the Senate and has been stalled in the House since March.

HB 2731- local groundwater stewardship areas. NAMWUA remains neutral on this bill establishing the local groundwater stewardship fund and authorizing ADWR to oversee the fund. This bill would transfer \$50,000,000 of state lottery funds to the ADWR's groundwater stewardship fund to create local groundwater stewardship areas. In addition, this bill would allow county supervisors to create a council and management plan for the groundwater areas and provide a best management practice for groundwater conservation. This bill has died as it could not make it out of committee.

HB2561- city water provider requirements and service. Requires a city or town that provides water service to provide water service through a standpipe for water hauling to persons residing outside a city's or town's water service area who do not have access to sufficient water, with certain requirements. This bill has not been taken up by the Senate yet.

SB1392 – appropriation to the AZ State Parks Board for the Upper Verde River. This bill appropriates an amount from the general fund to the AZ state parks board to create a state park at the headwaters of the Verde River. The Town of Chino Valley has requested NAMWUA's support for this bill. This bill has been amended to change the funding from \$10 million to \$7 million and has made it into the recently approved \$18 billion state budget. Senator Sinema is pursuing an additional \$2 million in Congress direct spending.

5. GENERAL ANNOUNCEMENTS FROM STAFF

Mr. Ruiz provided an overview of the monthly water pumped vs. recharge deliveries, stating that all volumes shown are provisional until staff files the annual water withdrawal and use report to ADWR in March of each year.

Ms. Graser provided a presentation to the Subcommittee regarding activities across the state related to Executive Order 2023-04, creating the Governor's Water Policy Council (GWPC).

- Ron Doba, executive director of NAMWUA, has been appointed to the GWPC
- The GWPC held an opening meeting on May 17, 2023
- Focus areas are Assured Water Supply (AWS) and Rural Groundwater
- Objectives of the group
 - Strengthening the integrity of the AWS program
 - Protecting consumers and aquifers
 - Ensuring future growth is not reliant on mined groundwater

6. ADJOURNMENT

There being no further business to discuss, Member Montoya adjourned the meeting at 10:32 a.m.


Cathey Rusing, Chairperson

ATTEST:


Jennifer Wiita, Deputy City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Council Subcommittee on Water Issues of the City of Prescott, Arizona held on June 6, 2023. I further certify the meeting was duly called and held and that a quorum was present.


Jennifer Wiita, Deputy City Clerk

