



City of Prescott

Workforce Housing Committee

October 2, 2024 | 10:00 AM
201 N. Montezuma Street
Council Chambers, 3rd Floor
Prescott, AZ 86301

AGENDA

The following Agenda will be considered by the **Workforce Housing Committee** at their meeting to be held **October 2, 2024**. Notice of this meeting is given pursuant to Arizona Revised Statutes, Section 38-431.02.

1. CALL TO ORDER

2. ROLL CALL

3. DISCUSSION & ACTION ITEMS

- A. Approval of Minutes from the September 4, 2024 Workforce Housing Committee Meeting.

Recommended Action: MOVE to approve minutes as presented

- B. Presentation, Discussion & Possible Action Regarding the City of Prescott Workforce Housing Policy.

Recommended Action: MOVE to approve policy headers for the Workforce Housing Policy recommendation to Council

- C. Presentation & Discussion Regarding Water Policy and Workforce Housing.

Recommended Action: This item is for discussion only. No formal action will be taken.

- D. Presentation & Discussion Regarding Fees, Fee Schedules, and Permit Review Timeframes.

Recommended Action: This item is for discussion only. No formal action will be taken.

- E. Presentation & Discussion Regarding Code Revisions for Accessory Dwelling Units (ADU).

Recommended Action: This item is for discussion only. No formal action will be taken.

- F. Presentation & Discussion Regarding Community Outreach and Communications.

Recommended Action: This item is for discussion only. No formal action will be taken.

4. UPDATES

- A. Staff Announcements & Discussion Regarding Future Agenda Items.

5. ADJOURNMENT

Upon a public majority vote of a quorum of the Board, the Board 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)).

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on 9/25/24 at 1:15 p.m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

Sarah M. Siep

Sarah M. Siep, City Clerk



TO: MAYOR AND CITY COUNCIL
AGENDA: October 2 Workforce Housing Meeting
DATE: October 2, 2024
DEPT: City Manager
ITEM #: 3.A
SUBJECT: Approval of Minutes from the September 4, 2024 Workforce Housing Committee Meeting.

ITEM SUMMARY

This item is for the approval of minutes taken at the September 4, 2024 Workforce Housing Committee Meeting. Staff recommends approving the minutes as presented.

BACKGROUND

None.

FINANCIAL IMPACT

None.

RECOMMENDED ACTION

MOVE to approve minutes as presented

ATTACHMENTS

1. September 4, 2024 WHC Minutes



City of Prescott

Workforce Housing Committee

September 4, 2024 | 10:00 AM

201 N. Montezuma Street
Council Chambers, 3rd Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

Chair Rocha called the meeting to order at 10:00am.

2. ROLL CALL

Jonathan Rocha - Chair
Nicole Kennedy - Vice Chair
Mike Fann - Member
Randy Goodman - Member
Luther Kraxberger - Member
Anthony Teeters - Member
Arnold Urias - Member (Excused)

3. DISCUSSION & ACTION ITEMS

- A. Approval of Minutes from the July 3, 2024 and August 7, 2024 Workforce Housing Committee Meetings.

MOTION BY VICE CHAIR KENNEDY TO APPROVE JULY 3, 2024 AND AUGUST 7, 2024 MINUTES; SECONDED BY MEMBER TEETERS: PASSED (6 - 0)

- B. Presentation & Discussion Regarding Member Goodman's Proposed Workforce Housing Project.

Staff Liaison Amber Fraser gave an overview for the Committee to keep in mind ideas from the concept that may work for an overall policy. She then discussed that the Committee needs to keep conflict of interest in mind with the concept.

Deputy City Attorney Matt Podracky explained the details of where conflict of interest could come into play with the concept.

Chair Rocha stated that the Committee should keep mental notes of what could be applied to the policy, such as water and fees and such. He stated to send any ideas to the staff liaisons.

Mayor Pro Tem Cantelme stated that the Committee could ask the Council to cover the impact fees.

Member Goodman gave an overview of the project and that there has to be a way to attract developers. He stated that there are issues making the

project financially viable and what are the benefits for the developer. He asked if the property could be used solely for city employees, could the city lease the property, and be able to manage the property. He stated that currently it's not attractive to developers because they won't make a profit.

Mayor Pro Tem Cantelme stated that Gorman has been able to achieve a model similar to this project, but they make money. She stated that there are many grants to cover projects and profits. She stated that the workforce housing issue is a national issue. She stated that with the grants, there are strings attached, but Gorman has been able to harness those grants.

Member Goodman asked if the Committee wanted to create a pre-approved packet for a developer.

Mayor Pro Tem Cantelme stated that Gorman has their own layouts that could be used. She stated that the Committee needs to prioritize what they can do. She stated that the Committee should be working on items that can be brought to the Council.

Chair Rocha stated that the value of the project is to look at the project and determine overlying recommendations of what could be changed to become incentives for workforce housing. He stated that project is within the range of the workforce housing definition, though not in the bottom range. He stated that the project should be used to add to a policy. He asked if the project included hard and soft costs.

Member Goodman stated that it doesn't include soft costs and that a developer would use them as a write-off. He stated that the whole reason he did the project was to create a clear path for recruitment and then revenue stream for down payment assistance.

Chair Rocha asked if Goodman was looking for a city managed program. He stated that task would be a lot of work that would be best for a full-time employee due to how much detail it would need.

Member Fann stated that the project shows how much the numbers are crunched, it won't be done unless through grants, philanthropy, donations, or other supplemental income.

Member Goodman asked what incentives could be offered for developers to want this project. He stated that he doesn't see an avenue for this project unless the government writes a check for \$200,000.

Chair Rocha stated that the Committee can recommend policy and that's what the Committee should be looking at. He asked Fann what recommendations he had for funding.

Member Fann stated a trust fund for a 501c3 that people trust to put their money into.

Chair Goodman stated that the project has a 10-year timeframe and that, after 10 years, the developer could sell it at market value.

Member Kraxberger asked if the city could contribute to a 501(C)(3).

Chair Rocha asked if funds were obtained through grants by the city, if they could be given to the 501(C)(3).

Mayor Pro Tem Cantelme stated that she had never heard that the city wanted to become a landlord. She stated that the Committee needs to look at policy. She stated that the project is a great view to the public of what it takes to build workforce housing. She stated that there are policy savings that the City can do.

Member Goodman stated that there would be some attraction to the project if it was available for developers.

Mayor Pro Tem Cantelme stated that the Committee doesn't need to reinvent projects because other companies are already doing them.

Member Goodman stated that from previous presentations, time is what hurts many projects. Member Goodman stated that the Committee could work on the project to make it available.

Planning Manager George Worley stated that Community Development already has model plans, or model site plans, for developers that they have used for over a decade. He stated that this project could be treated as a Home of Your Own project so it becomes pre-approved. He said it's a scaled project of six homes that could be approved.

Member Goodman stated that it being approved would take time off of the project.

Mayor Pro Tem Cantelme asked if a small planned area development came in, would it be reasonable to give them a benefit of a 180-day turnaround. She asked if that would be a realistic option.

Mr. Worley said the question is too broad as it would depend on the location and size of the project but that Community Development could work with developers. The city is only one third of the timeframe, two thirds is on the developer and their responsiveness. He stated a model plan has been part of their toolbox for a decade.

Mayor Pro Tem Cantelme stated that developers could put in their plans before they get funding so it takes less time.

Member Goodman stated that there would be no land cost in a venture with the city in this project. He stated it is already engineered and designed.

Mr. Worley stated it could be a model plan.

Member Goodman stated that the review time could be reduced if it's approved. He stated that he hasn't heard if Council would be willing to work on this and then it would be how to get the word out to developers.

Chair Rocha stated that the model plan works well for subdivisions. He stated that multifamily is challenging because they don't always fit the same on every property. He said it's hard to put a set timeframe, but it could be recommended to Council that ask for when items are received from engineers, the city would have a limited time to respond back with comments and that workforce housing reviews are prioritized.

Member Goodman stated that there needs to be an explanation to developers of why they were bumped.

Mr. Worley stated that it could be organized that workforce housing could be moved up the list as it's first-come-first-serve currently. He stated that even a complicated plan review only takes two weeks on the city side and that the longer time is the back and forth with the developer.

Ms. Fraser stated that there are methods of granting to 501c3s.

Mr. Podracky stated that the gift clause comes into play, and it must be clear that there is public benefit and then what the benefit is to the city.

Mr. Worley stated that a lot of money is spent on hiring and training fire and police and he asked if that would be a benefit.

Mr. Podracky stated that it would have to be looked at and the benefit to the city needs to be equitable to what is given. He gave an example from Phoenix where they invested a lot of money, and they only received a few parking spots in return. The city needed a quantifiable benefit.

Member Goodman asked if it could be considered if it was part of the recruiting packet.

Mr. Podracky stated that the gift clause infiltrates everything now.

Chair Rocha discussed how the school district project had to cross that bridge as well. He asked if Member Goodman's project would be able to be used for donations if two of the units were used for the city.

Mr. Podracky stated that it's possible, but the school district project was different than this project.

Chair Rocha discussed how there may be incentives and that city donations could be for specific projects, not just in general to a 501(C)(3).

Mr. Podracky stated that it's a soft yes that can be looked at more in detail in the future. He stated that the Committee should be creating large policy ideas to bring for Council. He stated that a policy could be written for land use and to

identify property for development, both city and private development. He stated that the city could decide to not charge certain fees for workforce housing projects or in some cases the city could pay for impact fees. He stated that these are policy discussions that could come from the project being discussed.

Chair Rocha stated that a 501c3 and land trust takes it out of control of the Committee so the policy would help integrate the 501c3 and the City on workforce housing. He stated more and more workforce housing related grants are being located by different entities. He said that a full-time person is something that can be controlled by the city regarding workforce housing.

Mayor Pro Tem Cantelme stated that the gift clause is a big item when it comes to taxpayer money. She stated that there could be a long hold on a property for the City to recover taxpayer money.

Member Goodman stated that the property would appreciate, and it would be easy for the developer to pay the city back.

Mayor Pro Tem Cantelme stated that it would need to be clearly documented to show that the city is getting paid back.

Member Goodman stated that this discussion is what he was hoping for when it comes to the project.

Member Kraxberger stated it is just making it pencil, which is the challenge.

Member Goodman stated that there would be ways for the project to pay for itself.

Member Fann stated that the city is going in a direction that is counter to workforce housing. He stated that the city is becoming more unaffordable. He stated that everyone needs to chip in, or it's a waste of time. He stated that if someone wants a seat at the table, they need to contribute financially. Member Fann stated that if projects are going to help his retention, then he would be more willing to contribute.

Chair Rocha stated that the Committee's ask may be uncomfortable because it will be a big ask.

Member Fann stated that there are benefits that would justify the gift or donation and it would just need to be written to make it clear that it's not a gift.

Vice Chair Kennedy asked if it would be helpful for the Committee to have a rough budget of how the numbers were created for the project.

Chair Rocha asked for a fee list for this specific project by the next meeting.

Mr. Worley stated that they could work with engineering to try to get the fees by the next meeting.

Chair Rocha asked if there was further.

Member Goodman stated that he appreciated the opportunity.

C. Presentation & Discussion Regarding Timeline of the Workforce Housing Policy.

Ms. Fraser gave an overview of the timeline to have a draft provided by March and approved by the Committee in April to take to Council.

Chair Rocha asked if members could send ideas and concepts to staff liaisons for documentation.

Ms. Fraser stated that the Committee can send ideas at any time, and she will keep track of them and start putting them into a policy format.

Member Teeters stated that it should be approved by the Committee in chunks.

Member Fann stated that working through it will allow the Committee to see how much needs to be contributed by the city.

Chair Rocha stated that the next steps are determining what needs to be written in a policy.

Member Kraxberger stated that it needs to be weighed on if the city is going to waive fees, then what is the developer going to do to contribute as well.

Chair Rocha stated that this would be the bulk of the conversation. He stated that Legal is working on the enforceability side, so the city can feel comfortable moving forward.

Ms. Fraser stated that coming up with headers for a policy would be helpful.

Member Goodman stated the Committee needs to know what the city plans to do with their land and if the city would be willing to use city-owned land.

Vice Chair Kennedy stated that she would like the ADU wording this fall. She also would like more discussion about public outreach.

Chair Rocha asked for Ms. Fraser to send out what reoccurring topics have been discussed on what could be considered headers.

Ms. Fraser stated she could do that.

4. UPDATES

A. Staff Announcements and Discussion Regarding Future Agenda Items.

Member Fann asked if the Council needs to adopt a definition of what workforce housing is.

Mr. Podracky stated that they should do that.

Ms. Fraser stated a workforce housing definition was approved by Council.

Member Fann stated that the definition should include a firm definition for rentals and ownership and that there is no wiggle room and that there is no one that can skirt the requirements to avoid paying fees.

Mr. Podracky stated he feels the current definition that was approved by Council is tight and that the Committee could discuss this further at a future meeting.

Chair Rocha stated that the definition does give an idea to the developer of where their pricing needs to fit.

Member Fann stated that there needs to be more detail when it comes to ownership versus rental.

Mr. Podracky stated that it could be added to a future agenda.

Member Goodman stated that he used the definition for his project.

Vice Chair Kennedy stated that each year the Committee could adjust the range.

Member Kraxberger stated that there are things that could be put into the policy to extend workforce housing.

Chair Rocha asked for the definition and square footage to be discussed in a future agenda.

Mayor Pro Tem Cantelme stated that HUD has adjusted their definitions too, but if things get too defined, it can get restrictive. She stated single income versus double income should be considered.

Chair Rocha stated policy headers should be on the next agenda.

Vice Chair Kennedy requested community outreach be on a future agenda as well.

Chair Rocha asked for fees, review time, and fee schedules to also be added.

Ms. Fraser asked for requests for agenda items to be brought to the meetings rather than just requested to staff as it's the Chair and Vice Chair that sets the agenda.

5. ADJOURNMENT

Adjourned at 11:23am.

ATTEST:

JONATHAN ROCHA, CHAIR

AMBER FRASER, Staff Liaison



TO: MAYOR AND CITY COUNCIL
AGENDA: October 2 Workforce Housing Meeting
DATE: October 2, 2024
DEPT: City Manager
ITEM #: 3.B
SUBJECT: Presentation, Discussion & Possible Action
Regarding the City of Prescott Workforce
Housing Policy.

ITEM SUMMARY

This item is to discuss and possibly approve headers for a Workforce Housing Policy that will be recommended to Council in the future as well as discuss content for the policy and look at examples from other jurisdictions.

BACKGROUND

The Workforce Housing Committee had created and received Council approval on goals for Workforce Housing. One of the goals was to recommend a Workforce Housing Policy to Council.

FINANCIAL IMPACT

None at this time.

RECOMMENDED ACTION

MOVE to approve policy headers for the Workforce Housing Policy recommendation to Council

ATTACHMENTS

1. Workforce Housing Policy Headers

WORKFORCE HOUSING POLICY HEADERS



- Introduction
 - Eligibility
 - Community Outreach
- Incentive Programs
 - Development Fee Reduction
 - Water Policy
 - Prioritization
 - Revitalization and Infill Incentives
 - Employee Incentives
- Pre-Approved Plans Program
- Funding
 - Voluntary Financial Contributions and Donations
 - Grant Funding
 - Grant Distribution Passthrough Program
- Real Property
 - City-Owned Property
 - Private Property
- Zoning
 - Accessory Dwelling Units (ADU)
 - Workforce Home Types
 - Density Bonus, Voluntary Workforce Housing Inclusion, and Project Qualifications
- Implementation and Monitoring
 - Workforce Housing Designated Staff
 - Developer Accountability, Project Quality, and Timeframes
 - Workforce Housing Guidebooks
- Definitions



TO: MAYOR AND CITY COUNCIL
AGENDA: October 2 Workforce Housing Meeting
DATE: October 2, 2024
DEPT: City Manager
ITEM #: 3.C
SUBJECT: Presentation & Discussion Regarding Water Policy and Workforce Housing.

ITEM SUMMARY

The Workforce Housing Committee will discuss creating a recommendation for an amendment to the Water Policy specifically for workforce housing and to possibly include allocation for workforce housing as well as how to utilize water as an incentive to encourage workforce housing.

BACKGROUND

The Workforce Housing Committee has been discussing possible areas to incentivize workforce housing, one area being the water policy.

Attached is a previous version of the City's Water Policy that included a provision of specific water allocation for Workforce Housing. Within this document, please refer to Policy 1K on page 9, the table on page 10, and the page labeled 'Attachment 3' toward the end of the document.

FINANCIAL IMPACT

None at this time.

RECOMMENDED ACTION

This item is for discussion only. No formal action will be taken.

ATTACHMENTS

1. Alternative Water Allocation Policy for Calendar Year 2016_Suite 1 04 28 2016



Alternative Water Allocation Policy Calendar Year 2016

Resolution No. 4328-1537
Effective May 4, 2016 to December 31, 2016

Introduction

The City of Prescott water service area is located within the Prescott Active Management Area (PrAMA) established under the Arizona Groundwater Code of 1980. The City manages its water resources in compliance with state laws, including management plans administered by the Arizona Department of Water Resources (ADWR), that establish water management strategies to help achieve the goal of safe-yield¹ by 2025. Effective in 1999, the PrAMA is also subject to the requirements of the Assured Water Supply² (AWS) program.

The City has maintained a Designation of AWS, the highest standing that a water provider can seek from ADWR, since 1999. The Designation and Order (D&O) of AWS is a legal document. Currently, the City water portfolio consists of 24,574.84 acre-feet/year (AF/yr), of which 9466.02 AF/yr is groundwater supplies and 7,041.42 AF/yr is alternative water supplies, water that is the “alternative” to groundwater supplies. City alternative water supplies include three blocks of water: reclaimed and surface water supplies within the AMA, and imported supplies from the Big Chino sub-basin. Currently, the imported supplies (8,067.74 AF/yr) are not connected to the existing infrastructure.

Since 1999, the City has allocated water supplies according to a Water Management Policy and has placed significant volumes into contracts or reservation. In 2015, a policy decision (Resolution No. 4271-1480) was made to reduce the annual alternative water budget from 200 AF to 100 AF to extend supplies until the forthcoming D&O modification. In mid-Calendar Year 2015, the City received requests for approximately 200 AF greater than the budgeted volume of 100 AF. To address this situation, Resolution Nos. 4310-1519 (Attachment 1) and 4315-1524 were adopted by Council to set forth a time period to review the active water requests, and develop necessary water management measures and allocation policies.

This water allocation policy, effective for the remainder of Calendar Year 2016, applies to available alternative water supplies only. Policy background and components are organized as follows:

- Section 1 Prescott Active Management Area (PrAMA)
- Section 2 City of Prescott Designation of Assured Water Supply (D&O)
 - 2.a. Alternative Water Supplies
 - 2.b. Summary of General Pool and Reservations
- Section 3 City Code Sections 2-1-8, 2-1-12, and 10-1(Land Development Code)
- Section 4 City Water Management Policy
 - 4.a. Background
 - 4.b. Water Allocation Policies for 2016

¹ Safe-yield: A groundwater management goal which attempts to achieve and thereafter maintain a long-term balance between the annual amount of groundwater withdrawn in an active management area and the annual amount of natural and artificial recharge in the active management area (A.R.S. § 45-561(12)).

² Assured Water Supply: An Assured or Adequate Water Supply determination by ADWR is required for the following: To gain approval of a subdivision plat by cities, towns and counties (A.A.C. R12-15-7); to obtain authorization to sell lots from the Department of Real Estate (A.R.S. § 45-576).

Section 1 Prescott Active Management Area (PrAMA)

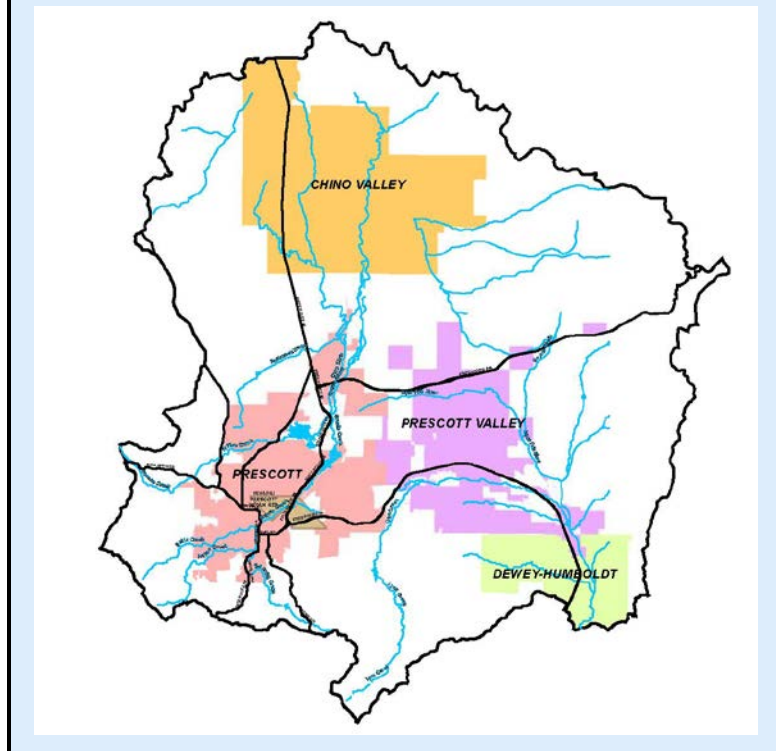
The City of Prescott water service area is located within the Prescott Active Management Area (PrAMA), Figure 1, established under the Arizona Groundwater Code of 1980. Prescott Valley, Chino Valley, Dewey-Humboldt, the Yavapai Prescott Indian Tribe Reservation, and some surrounding areas of unincorporated Yavapai County comprise the remainder of the Prescott AMA. The City is only one entity within the PrAMA, not the regulating authority, and accounts for about 8.6% of the land area within the Prescott AMA.

Through a series of management plans administered by ADWR, the 1980 Groundwater Code establishes water management strategies that emphasize conservation, replacement of existing groundwater use with renewable supplies, recharge, and water quality management by all users within the AMA to help achieve the goal of safe-yield by 2025.

The PrAMA is also subject to the requirements of the Assured Water Supply (AWS) program. The City has maintained a D&O since 1999, which is periodically updated to reflect water resource availability. The City is currently operating under the 2009 D&O (ADWR AWS No. 86-401501.0001), with supplies remaining from the 2005 D&O.

The City of Prescott has employed management tools and policies to meet the State's strategies for conservation (e.g. public education programs and tiered water rates), replacement of groundwater with renewable supplies (e.g. reclaimed water and purchase of Watson and Willow Lake reservoirs), recharge (City's facility has been operational since late 1980s), and water quality (efforts in conjunction with Arizona Department of Environmental Quality). Further,

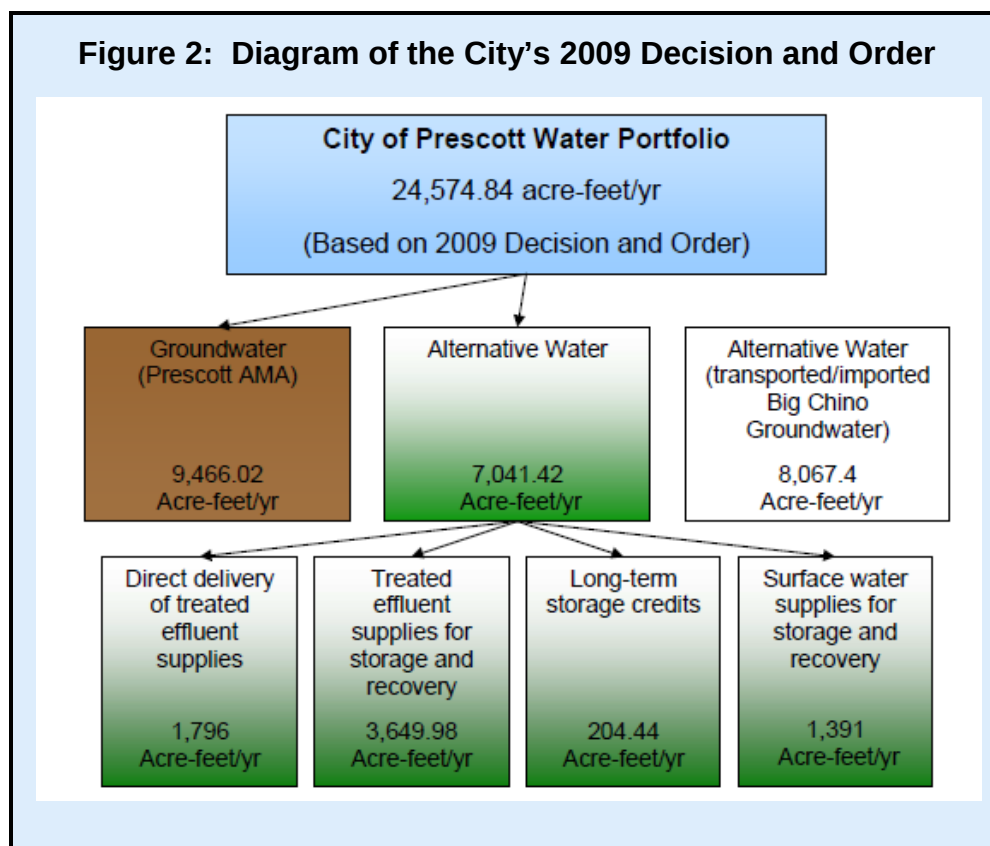
Figure 1: Prescott Active Management Area



the City of Prescott manages its water resources in compliance with Prescott AMA specific decadal management plans for reaching the AMA-wide goal of safe-yield. In September 2014, ADWR adopted the Fourth Management Plan (4MP) for the PrAMA. Requirements of the 4MP are effective January 1, 2017. Until then, the City and other regulated parties are subject to ADWR Third Management Plan. The City considers water management to be an important tool in implementing its overall growth planning and management policies, goals and objectives; and intends to manage its water resources accordingly.

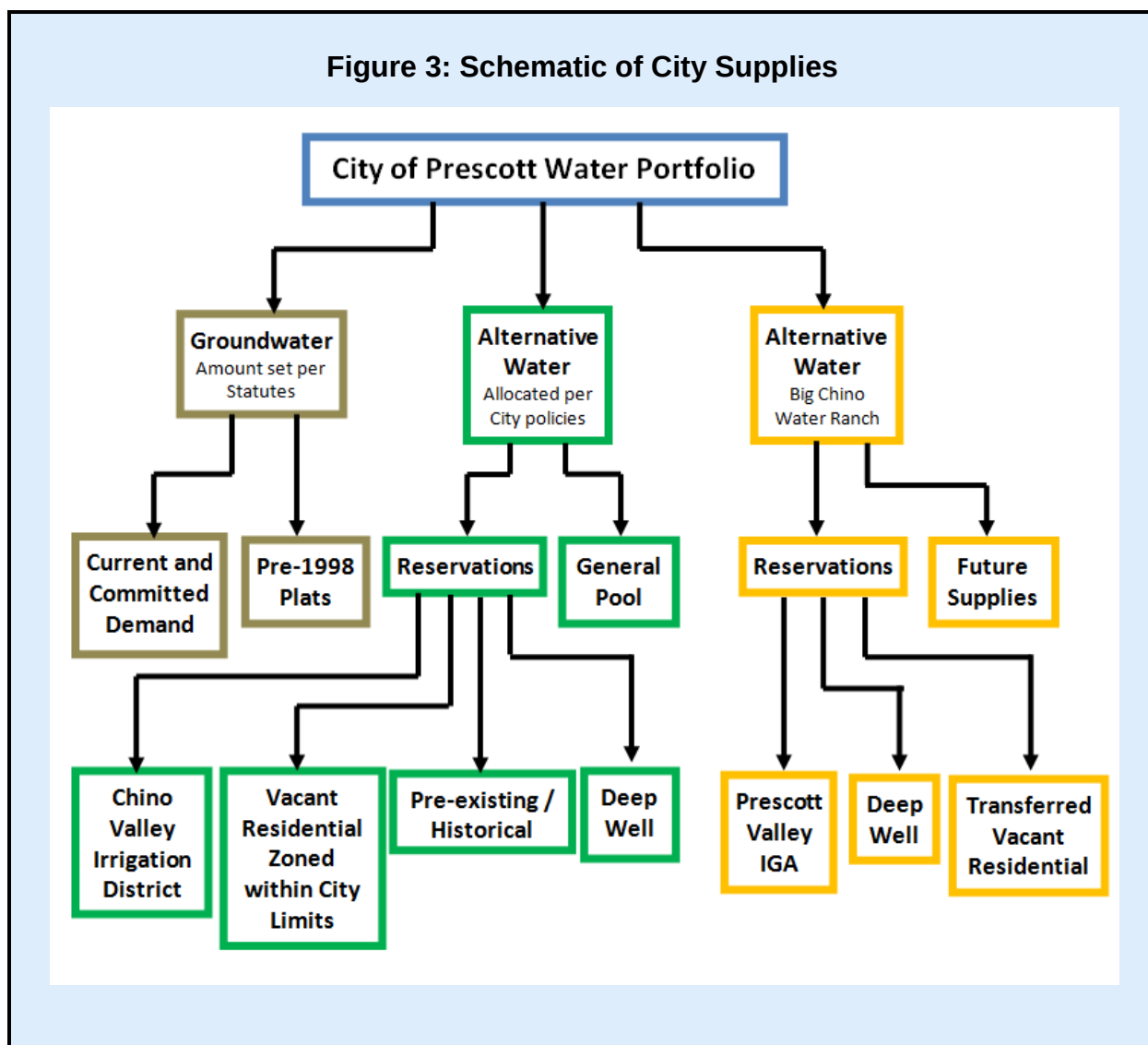
Section 2 City of Prescott Designation of Assured Water Supply Document (D&O)

A Designation of Assured Water Supply is the highest standing that a water provider can seek from ADWR, and requires the demonstration that the supply will meet the following seven criteria: physical availability, legal availability, and continuous availability for 100 years, financial capability, water quality, consistency with the management goal, and consistency with the management plan. The types, sources, and volumes of water identified by the City's D&O, Figure 2, have changed over time. ***Note that this policy addresses only the sources of alternative water supplies shown in the green boxes of Figure 2 specifically labeled “Treated effluent supplies for storage and recovery”, and “Surface water supplies for storage and recovery”. At this time, these two volumes comprise the City’s alternative supplies.***



Section 2. a. Alternative Water Supplies

Since 1999, the City has accounted for the alternative water supplies recognized in the D&O by water service agreement (WSA) contracts and reservations. The City's alternative water, water that is the "alternative" to groundwater supplies consists of reclaimed and surface water supplies within the AMA, and imported supplies from the Big Chino Sub-basin. Figure 3 provides a schematic of City supplies, including alternative water placed into contract from the General Pool or otherwise placed into specific reservations. Subcategories within the budgeting diagram are further described below. **Note that this policy only pertains to the categories "Reservations" and "General Pool" shown in Figure 3.**



Section 2. b. Summary of General Pool and Reservations

General Pool: the volume of water that is available to be allocated in accordance with Prescott City Codes 2-1-8, 2-1-12, and 10-1. A specific quantity of the General Pool available for allocation may be budgeted by Council each calendar year.

Reservation: a volume of water set aside to meet a contractual agreement or for a specific designated purpose now or at a later date. Alternative Water Reservations include:

1. Chino Valley Irrigation District
 - A. Intergovernmental Agreement, City Contract 1998-040.
 - B. Reservation volume (for municipal and industrial only) 597.5 AF/yr
 - C. As of March 23, 2016, WSAs have been written for 95.6 AF.
 - D. The volume remaining in the reservation is 501.9 AF.
2. Vacant, residentially-zoned tracts³ within City limits
 - A. Not a contractual obligation
 - B. Reservation volume 776 AF/year (adjusted in 2009, reaffirmed in 2015)
 - C. As of March 23, 2016, WSAs have been written for 144.4 AF
 - D. Resolution No. 4310-1519 transferred 200 AF of this reservation to the General Pool, and a new reservation of 200 AF was placed on the Big Chino Water Ranch supplies for this future use.
 - E. The volume remaining in the reservation is 431.7 AF.
3. Pre-Existing / Historical
 - A. The City was contractually obligated to provide water service outside of City limits to Prescott Riviera (Bk 294 Pg 439) , Rancho Vista Hills (Bk 1293 Pg 595), Ewin (Bk 222 Pg 554), and Iron Springs Water Improvement District (Bk 350 Pg 109).
 - B. Reservation volume of 58.5 AF for 195 lots, currently under review.
 - C. Since 2000, WSAs for 13.3 AF have been written leaving 45.2 AF in the reservation.
4. Deep Well Ranch
 - A. City Contract No. 2010-086
 - B. Reservation volume is 1,850 AF/yr (3 increments)
 - C. As of March 23, 2016, WSAs have been written for 29 AF
 - D. The volume remaining in the reservation is 1,821 AF

³ Tracts within City limits that have not been subdivided; they are not a subdivision lot within an platted subdivision. This reservation was based on a specific GIS query that required the land to be identified by DOR as vacant, residentially zoned in the 2006

Section 3 City Code 2-1-8, 2-1-12, and 10-1 (Land Development Code)

Three sections of the Prescott City Code address City water service. They are briefly described below; refer to the full Prescott City Code for the complete texts.

2-1-8: Provision of water to areas outside of the City limits is contingent upon:

- (A) (1) – a previously entered into valid, contractual agreement
- (A) (2) – property fronting water main with certain requirements
- (A) (3) – pursuant to an intergovernmental agreement
- (B) – Rules and Regulations
- (C) – One residential water connection per parcel

2-1-12: Water Service Connection and meter installation

- (E) – identifies the types of projects within City limits that may require alternative water supplies
- (E) (1) – requires consistency with Water Management Policy
- (E) (2) – requires consistency with General Plan
- (E) (3) – requires consistency with applicable adopted plans
- (E) (4) – in accordance with duly adopted City water budget
- (E) (5) – identifies the Council to consider the overall intent and goals of the applicable plan or policy
- (E) (6) – identifies a variance or exception may be granted by the City Council

10-1: Land Development Code

- 7.4.8 – Assured Water Supply
- 7.9 – Land Splits
- 9.10 – Subdivisions and Land Splits

Section 4 City Water Management Policy

Section 4. a. Background

Since 1999, the City's policies have evolved based on available supplies, and existing and anticipated conditions. The following factors have lead to the need for the present policy update:

1. Beginning in 2010, the City extended the 2005-2010 Water Management Policy (as amended) for three primary reasons:
 - A. Alternative water supplies remained available for allocation from the 1999 and 2005 Decision and Orders, yet this volume would be decreasing yearly as supplies were placed into contracts.

- B. As of 2010, the 2009 Decision and Order had not cleared legal challenges and would remain in litigation until September 2011.
 - C. Although the 2009 Decision and Order identified a new block of reclaimed supplies (1,471.98 AF) being available, the underpinning of those supplies was, in part, related to the importation of supplies from the Big Chino Sub-basin. Infrastructure is not in place to deliver this supply.
2. In 2010, a review of the City water portfolio was initiated to determine the status of all water contracts and any reservations that had been placed on alternative water supplies. The initial information from the review indicated that the alternative water budget for Calendar Year 2015, and subsequent years, would need to be reduced to ensure that only physically available supplies were allocated. These supplies include quantities remaining from the 1999 and 2005 D&Os, but only a portion of those projected in the 2009 D&O are actually available (approximately 92 AF/yr). The majority of reclaimed supplies (1,471.98 AF/yr) projected by the 2009 D&O have not been realized for the following reasons:
- A. Infrastructure to deliver imported alternative supplies from the Big Chino Sub-basin has not been constructed in the timeframe originally contemplated.
 - B. The lack of imported water reduced the availability of corresponding reclaimed supplies available for future allocation.
 - C. Over time, the number of City potable water connections has exceeded wastewater connections; therefore, the volume of return flows to the plants is less. Approximately 60% of the water delivered to customers is returned to the City wastewater treatment plants. This imbalance hinders maximizing recharge and recovery, a key underpinning for the City's alternative water supplies.
 - D. Surface water supplies, which are seasonal in nature, have consistently not met the volumes projected in the 2005 and 2009 D&Os.
 - E. To contribute to achievement of aquifer safe-yield, the City Charter (Proposition 400) requires permanent recharge of supplies used by annexations of 250 acres or more of property. This means that water supplied to development on such lands, and the wastewater generated, after treatment and aquifer recharge, cannot be recovered for subsequent use.
3. The Calendar Year 2015 alternative water allocation was budgeted at 100 AF; however, market conditions became favorable for land development, and by the third quarter of 2015, requests for approximately 300 AF had been received. To address this, Resolution No. 4310-1519, effective November 10, 2015, was adopted by Council to set forth a temporary 90-day suspension on new applications for alternative water, and to identify necessary policy changes. The suspension was extended by Resolution Nos. 4315-1524 and 4321-1530.

Section 4. b. Water Allocation Policies for the Remainder of Calendar Year 2016

The policies are organized in three categories: 1) Overall Requirements; 2) Resolution No. 4310-1519, Exhibit A projects (Attachment 1); and 3) Reservations. This policy addresses requests for water identified on Exhibit A, water allocations associated with active building permits, and new (post suspension) water allocation requests through December 31, 2016.

Category 1: Overall Requirements

These overarching policies comprise the basic requirements for placing alternative water supplies into water contracts. Exceptions that apply or connections to other categories have been noted.

Policy 1A – The City Manager may direct any requests for alternative water to the City Council for approval. Residential requests of less than 4 dwelling units may be approved by the City Manager administratively; 4 or more units will require Council approval.

Policy 1B – Water allocation will remain at 0.35 AF and 0.25 AF per residential unit for Single Family Residential and Multi-Family Residential, respectively.

Policy 1C – A water demand analysis satisfactory to the Water Resource Manager may be required for non-residential uses to assure infrastructure and supply sufficiency.

Policy 1D - Water service agreement applications will be accepted with the submission of a building permit, site plan, or preliminary plat application (Section 4.c.)

Policy 1E - Alternative water contracts that expire during Calendar Year 2016 will not be amended to increase the number of lots or volume of water. A one-time extension for one (1) year may be requested, however, there shall be no further entitlement to additional extensions or replacement with a new contract.

Policy 1F – For expired contracts, the associated volumes will be returned to the General Pool or original contractual reservation, as applicable.

Policy 1G – No lot splits shall be approved that require alternative water, with the exception of vacant, residentially zoned tracts identified in reservation (see Category 3), and Resolution No. 4310-1519, Exhibit A (Attachment 1).

Policy 1H – Alternative supplies shall not be allocated for uses that will not return 50% or more wastewater to the treatment plants (e.g. new turf, commercial agriculture, residential requests without sewer connection, etc.), with the exception of certain Pre-Existing/Historical Agreements (Category 3).

Policy 1I – For a project that exceeds the quantity of water available in the water budget, or requires greater than 50% of the remaining volume, the City will accept extinguished, pledged irrigation grandfather rights (Attachment 2).

Policy 1J – Any unallocated water remaining in the General Pool as of December 31, 2016, may be considered by the Council in setting the Calendar Year 2017 water budget.

Policy 1K – Workforce Housing is defined in City Code 10-1, Land Development Code (LDC) Article 11. For the purposes of water allocation, it is intended for either ownership or rental properties. Housing defined in LDC such as “Dwelling, Single Family” or “Dwelling, Attached Single Family” is housing for homebuyers earning incomes less than 120% of the median income for Prescott. Housing defined in LDC such as “Dwelling, Duplex; Dwelling, Multiple-Family; Apartments is for housing for incomes less than 80% of the median income for Yavapai County. (Attachment 3)

Policy 1L - Contracts will be written with performance criteria to include, but not be limited to, a termination date appropriate for the type of project (large subdivision, single family home, etc.), which date shall not be extended. In the event of termination, the reservation for the entire property shall likewise be terminated (Section 4.c.)

Policy 1M – Water service agreement applications will expire one (1) year from the date of the application.

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Category 2: Exhibit A Projects

Category 2 is intended for projects identified on Resolution No. 4310-1519, Exhibit A. Projects are also subject to the Category 1 requirements.

General Pool Balance = 479 acre-feet (AF)		
Set Asides		
Contractual Obligation	100 AF for use on lands identified by Bk 2099 Pg 666 and Bk 869 Pg 751 (Bullwhacker Ranch Inc). The water will be set aside for three (3) years initially, after which the volume remaining will be reviewed.	
Institutional Development	55 AF to support ERAU campus. The water will be set aside for a period of five (5) years, after which the volume remaining will be reviewed.	
Remaining General Pool = 324 AF		
Available for Allocation		
1. Projects and allocations shall be divided among: Market, Workforce (ownership or rental)/Multi-family/Duplex/Apartments, and Commercial 2. Overall policies (Category 1) apply		
Market	Workforce/MF/Duplex/Apts	Commercial
Quantity: 125 AF	Quantity: 100 AF	Quantity: 99 AF
A. Exhibit A projects have first priority until the end of Calendar Year 2016 or their application expires per policy 1M. B. The quantity of 125 AF is capped for Calendar Year 2016. C. Any remaining volume will be for only administratively approved (< 4 units) projects through 2016. D. No new lot splits (except those on Exhibit A) E. After Exhibit A projects, no one project can use more than 50% of the remaining quantity. F. If a project needs more than 50% of the remaining volume, see Policy 1I. G. All projects must connect to City sewer immediately for allocation. H. Project must meet all City Codes	A. Exhibit A projects have first priority until the end of Calendar Year 2016 or their application expires per policy 1M. B. The quantity of 100 AF is capped for Calendar Year 2016. C. After Exhibit A projects, any remaining volume will not be issued to congregate and assisted living facilities. D. After Exhibit A projects, no one project can use more than 50% of the remaining quantity. E. If a project needs more than 50% of the remaining volume, see Policy 1I. F. All projects must connect to City sewer immediately for allocation. G. Project must meet all City Codes	A. For commercial subdivisions or economic development B. Water Demand Analysis C. Must be approved by Council.

Category 3: Reservations

Reservations made by the City through contracts or other Council actions are unique. The Category 1 policies generally apply subject to the specific provisions thereof. Four such reservations are identified below.

1. The reservation for Chino Valley Irrigation District in place will not be modified by this Policy.
2. The reservation for Vacant, Residentially-Zoned Tracts within the City on January 22, 2016, was 431.7AF. Water from the current balance of this reservation is available for allocation subject to the following:
 - A. Allocations will be made for those tracts identified in 2009 and reaffirmed in 2015, at the corresponding development densities and volumes.
 - B. One allocation, up to the entire quantity reserved by the City, shall be available for each tract for which a reservation has been made, and formalized by a water service agreement. No subsequent incremental allocation for each such tract from said reserved quantity shall be made. Any remaining (unused) water for each such tract shall be returned to the General Pool.
 - C. The total quantity reserved for vacant, residentially-zoned tracts shall be reduced by the quantity of fifty (50) acre-feet each year, with said reduction to be transferred to the General Pool, effective January 1, 2017, and on each subsequent anniversary date thereafter.
 - D. Notwithstanding the foregoing, nothing shall preclude the owner of any developable property within the City or otherwise satisfying requirements of the City Code for water service from applying for alternative water that is available within a water budget adopted by the Council.
 - E. Contracts shall require written performance criteria to include, but not be limited to, a termination date of not more than two (2) years, which date shall not be extended. In the event of termination, the reservation for the entire property shall likewise be terminated.
 - F. In the event that rezoning of a property identified as a vacant residentially zoned tract within the city limits increases the number of potential residential dwelling units, the reservation of water for said property shall not be increased at the time of such rezoning to reflect the additional demand corresponding to the increase in dwelling units; and any existing reservation shall remain in force (Resolution No. 4071-1141).

3. The reservation for Pre-Existing/Historic Agreements (Prescott Rivera, Rancho Vista, Ewin and Iron Springs) is 58.5 AF. As of January 22, 2016, the volume remaining is estimated to be 45.2 AF. This reservation remains under review.
 - A. These pre-1998 contractual agreements will be issued water consistent with the agreement provision and all current City codes.
 - B. Once said reservation has been fully placed into contracts, no further water shall be available for development of the specified properties. The corresponding water service agreements shall not expire.
 - C. Portions of the areas specified by these contracts that have been annexed into the City are no longer subject to each such contract but rather to City Code 2-1-12.
 - D. If, during the remainder of Calendar Year 2016, this reservation is found to be unnecessary (is recognized to be eligible for current and committed groundwater supplies), then the reservation will be terminated.
4. The reservation for Deep Well Ranches was effective December 24, 2009, and set forth by City Contract No. 2010-086. As of January 22, 2016, the volume remaining is 1,821 AF (921 AF non-BCWR alternatives supplies, and 900 AF BCWR alternative supplies). As provided for by said contract, nothing shall preclude the Owner from applying, now or in the future, for additional water from any sources of the City made available for development within the City.

Section 4.c. Water Allocation Process

Allocation of the City's water for development is based upon all applicable City and State of Arizona codes, policies, and adopted plans. Depending on the type of project, there are three potential pathways to possible water allocation. The City will determine the most suitable path for each project from the following list:

1. Administrative Approval (< 4 units)
 - A. Contact Community Development to discuss your project and the need for a Pre-Application Conference (PAC). Submit PAC application and schedule the conference.
 - B. After PAC (if needed) or determination of water supply needs, submit a building permit application (includes water service agreement application).
 - C. See overall policies (Section 4.b.).

2. Site Plan Review and Approval

- A. Contact Community Development to discuss your project and the need for a Pre-Application Conference (PAC). Submit PAC application and schedule the conference.
- B. After PAC (if needed), submit a Site Plan application (includes water service agreement application).
- C. The Site Plan review process is described in the Land Development Code Section 9.8.
- D. Concurrent to Planning Commission (LDC 9.8), the project will also be scheduled for Water Issues Committee review.
- E. Water Service Agreement (WSA) contract approval by City Council will be required at the same time of Site Plan approval.
- F. To be approved, the WSA contract shall include the following performance criteria:
 - i. A building permit application must be submitted within 1 year.
A one-time extension of six (6) months will be allowed, if requested in writing before expiration of the water contract.
 - ii. The project must be completed and a certificate of occupancy obtained within the time period specified in the WSA following issuance of a building permit. A one-time extension of one (1) year will be allowed, if requested in writing before expiration of the water contract.
- G. If any of the performance criteria is not satisfied, the water allocation will expire and the water will return to the portfolio.

3. Preliminary Plat Review

- A. Contact Community Development to discuss your project and the need for a Pre-Application Conference (PAC). Submit PAC application and schedule the conference.
- B. After PAC, submit a Preliminary Plat application (includes water service agreement application).
- C. The Preliminary Plat Review process is described in the Land Development Code Section (LDC) 9.8.
- D. During the Preliminary Plat review process (LDC 9.8), the project will also be scheduled for Water Issues Committee review.
- E. Water Service Agreement (WSA) contract approval by City Council will be required at the same time of Preliminary Plat approval.
- F. If approved, the WSA contract will include the following performance criteria:
 - i. A final plat must be submitted within one (1) year of approval. A one-time extension of one (1) year will be allowed, if requested in writing before expiration of the water contract
 - ii. The final plat must be recorded within the time period specified in the WSA. A one-time extension of one (1) year will be allowed, if requested in writing before expiration of the water contract

- G. If any of the performance criteria is not satisfied, the water allocation will expire and the water will return to the portfolio.

Section 4.d. Water Service Agreement Application

New requests for water shall be made by submission of the updated form (Attachment 4) and subject to available supplies after Exhibit A projects (Attachment 1). All applications shall expire in one year. All projects fee in effect at the time of the application shall also be paid as a condition of water service agreement approval. *Note that an application does not entitle or guarantee a project's water supplies. Applications will be processed subject to review timeframes, and Council, Committee or Commission meeting schedules. Water contracts are subject to Council approval unless otherwise noted in this policy.*

Section 5 Calendar Year 2017

As identified in Resolution No. 4310-1519, "Any quantity of alternative water remaining from the projects described in Section 3, and for which water service agreements have been approved by the City Council as described in Section 4, shall be made available for future annual alternative water budgets as may be adopted by the City Council."

Section 6 Additional Topics

Resolution No. 4310-1519 also identified additional topics for research, discussion, and possible policy update. These items will continue to be addressed in Calendar Year 2016:

1. Determine the availability of alternative water corresponding to the 0.1AF markup on residential development, and manage this quantity separately to support commercial and industrial development.
2. Prohibit connection to City water without well abandonment.
3. Prohibit well drilling on properties served/to be served with City water
4. Require new development to connect to City sewer, whether served by groundwater or alternative water (if not otherwise contractually entitled to water service).
5. Adopt City Codes changes, where required, to implement the foregoing actions
6. Continue to research and evaluate historical agreements for commitments to serve; determine whether some subdivisions or other allocations covered by historical agreements can be shifted to Current and Committed groundwater demand.
7. Review and adjust availability and pricing of water at the EZ Street water station.
8. Develop policy to accepting Assured Water Supply Certificates brought to the City (pledged IGFRs).
9. Review current allocation volumes of 0.35 and 0.25 AF (having already identified and removed the 0.1 AF markup for commercial/industrial) applicable to single family and multi-family residential, respectively, and determine the feasibility of modifying said volumes for water-conserving development.

RESOLUTION NO. 4310-1519

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, AUTHORIZING THE CITY OF PRESCOTT TO AMEND ITS CURRENT WATER MANAGEMENT POLICY REGARDING NON-RESERVED ALTERNATIVE WATER SUPPLIES.

RECITALS:

WHEREAS, on December 30, 2009, the Arizona Department of Water Resources (ADWR) issued a Decision and Order delineating the City of Prescott water portfolio; and,

WHEREAS, the projections of alternative water supply incorporated within said ADWR-approved Decision and Order have not been achieved; and,

WHEREAS, applications for allocations of alternative water to serve new development have exceeded the amount made available by the City in its Calendar Year 2015 Alternative Water Budget; and

WHEREAS, the City deems it necessary to specify an interim period sufficient to perform a detailed evaluation and updating of the alternative water category of its overall water portfolio, during which time the acceptance of certain types of applications for allocations of alternative water will not be accepted.

ENACTMENTS:

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

Section 1. THAT, effective November 3, 2015, the City of Prescott hereby suspends the acceptance of applications for alternative water for 90 days from the effective date of this Resolution, with the following exceptions:

- a. Applications that have already been received and are subject to current rules for administrative approval (less than 4 dwelling units) may proceed and be approved if all other requirements are satisfied (building permit, etc.).
- b. Applications subject to the Chino Valley Irrigation District (CVID) intergovernmental agreement.
- c. Commercial/industrial applications, for which the volume of water available from the 0.1 acre-foot markup on residential allocations is to be determined and established as a separate bank for allocation purposes.
- d. Applications for which the City is contractually entitled to provide water.

- e. Other current applications for redevelopment that may require a minor quantity of additional alternative water to augment a currently recognized quantity of grandfathered groundwater.

Section 2. THAT, the reservation of 776.5 acre-feet of alternative water previously made by the City for future residential development within the city limits, 585.5 acre-feet of which remains presently available, shall be reduced to a reservation of 385.5 acre-feet.

Section 3. THAT, the 200 acre-feet of alternative deducted from the reservation described in Section 2, combined with 314 acre-feet remaining from the 1999 and 2005 ADWR Decision and Orders, shall be made available first to the projects identified by Exhibit "A" hereto, which projects shall be evaluated and prioritized in the following descending order: workforce housing, and apartments/multi-family housing.

Section 4. THAT, performance criteria pertaining to achievement of milestones for delivery of the projects for which alternative water has been requested, shall be developed by staff and included in all water service agreements prepared for consideration by the City Council.

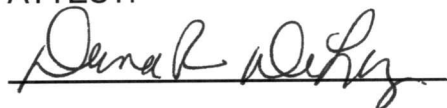
Section 5. THAT, any quantity of alternative water remaining from the projects described in Section 3, and for which water service agreements have been approved by the City Council as described in Section 4, shall be made available for future annual alternative water budgets as may be adopted by the City Council.

Section 6. THAT, this Resolution shall in no way delay or prevent the City from issuing other permits or approvals required for land development or from reviewing applications for alternative water already filed.

PASSED, APPROVED AND ADOPTED by the Mayor and Council of the City of Prescott this 10th day of November, 2015.


CHRIS KUKNYO, Mayor Pro Tem

ATTEST:



DANA R. DeLONG, City Clerk

APPROVED AS TO FORM:

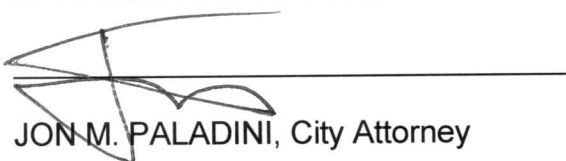

JON M. PALADINI, City Attorney

Table 1. Projects with a WSA application submitted

WSA Application No.	Applicant	Project	Volume Requested (ac-ft)	Market (80 ac-ft)	Workforce (20 ac -ft)	Alt. Water Reservations (ac-ft)
14-007	SJ Holms, LLC	4 multifamily dwelling units	1.0	X		
14-009	ERAU	New 66 unit residence hall, 15 AF of increased water use since 1997, and campus build out.	32.5-95.8 ¹	X		
15-004	Reck Lane Partners	70 unit apartment complex	14 ²	X		
15-003	Mendel	Single family residence from lot split	0.35	X		
15-005	Ryan	Single family residence	0.35	X		
15-006	Orefice	8 unit apartment complex	2.0	X		
15-007	Moody	Single family residence from lot split	0.35	X		
15-008	Schnitzius Family Trust	Single family residence from lot split	0.35	X		
15-009	LKD Housing Ventures	Single family residence	0.35			X
15-010	James 110 Investments, LLC	286 lot subdivision (former Centerpointe South)	100.1	X		
15-011	Hassayampa Holdings of Prescott, LLC	101 unit apartment complex	25.25	X		
15-013	Territorial 12 LLC	12 condominium units	3	X		
15-014	Diversified Development, LLC	253 unit apartment complex	63.25	X		Evaluating possible contractual entitlement (1974 agreement)
15-015	Randy Thomas	Additional demand to current groundwater allocation	1.5	X		
15-016	Robert Beyea	Relocation of duplex to create 1 SFR and a duplex on same lot.	0.5	X		
15-017	Kevin Randle	21 multifamily dwelling units.	5.25	X		
Total			>235.75	>235.75	0	0.35

Table 2. Other projects presented to PAC for which WSA applications have not been submitted

PAC No.	Applicant	Project	Proposed			
			Volume Required (ac-ft)	Market (80 ac-ft)	Workforce (20 ac-ft)	Alt. Water Reservations (ac-ft)
15-077	Land Resource (SLF, III-Storm Ranch)	410 single family units	143.5(65 ac-ft additional) ¹	X		City Contract No. 2008-013 for 79.45 ac-ft (expires 7/10/2017).
15-089	Paul Armenta	New apartment complex	3.5	X		
15-102	Robert Tubbert	Mountain Dream Apts	1.0	X		
15-106	Giving Tree Wellness Center	Greenhouses for medical marijuana	TBD*	X		
15-108	Diocese of Arizona, Inc	Chapel Rock Baseball Field	TBD*	X		
15-009	Sims Family Trust	Lot Split	0.35	X		
15-112	Judy Numbers	Convert racket club to condos	1.5	X		
15-114	I. D. Investors, LTD	Remodel 6 units at Ridge Retreats	1.5	X		
Total			>151.35	>151.35	0	79.45

¹ The applicant has proposed an increase from 227 units to 410 units. The applicant is reviewing options for augmenting the quantity of water beyond that specified by City Contract No. 2008-013 (approximately 65 ac-ft more).

² This range of water corresponds to the 253 to 280 apartment units identified in the PAC application. Note that if developed as a PAD, the maximum number of units would be 294.

*Subject to additional information from applicant.



Acceptance of Extinguishment Credits

Water Resource Management Division
201 S. Cortez St., Prescott, AZ 86303
(P) 928.777.1645 (F) 928.777.1255

Any applicant for development and/or water service within the City of Prescott water service area may acquire and present for consideration sufficient “extinguishment” credits to support their development. The volume of the credits will be required to meet the calculated 100-year demand for water.

What are extinguishment credits?

Extinguishment credits are generated when a grandfathered groundwater right is extinguished. The extinguished right can never be used again; however, the credits generated can be pledged to the City of Prescott (because they have a Designation of Assured Water Supply) to support the water requirements of a development. This policy allows for a developer to provide the water necessary to supply a development that is served via the City of Prescott water/wastewater infrastructure.

How many extinguishment credits are required for my project?

1. Determine the annual water demand of your project based on the following allocations:
 - a. Single family residential: 0.35 AF/yr/dwelling unit
 - b. Multifamily residential: 0.25 AF/yr/dwelling unit
 - c. Commercial: determined per project based on Water Demand Analysis
2. Determine the 100-year water demand of your project based on the following allocations:
 - a. Multiply the annual water demand by 100 years.
 - b. This is the volume of extinguishment credits that will be required to be pledged to the City of Prescott.
3. Examples:

A forty-five lot subdivision:

1. Determine the annual water demand of your project based on the following allocations:
 - a. Single family residential: 0.35 AF/yr/dwelling unit
 - b. $0.35 \text{ AF/yr} \times 45 \text{ single family dwelling units} = 15.75 \text{ AF/yr}$
2. Multiply your annual water demand by 100 years.
 - a. $15.75 \text{ AF/yr} \times 100 \text{ years} = \mathbf{1575 \text{ AF}}$

100 unit apartment complex:

1. Determine the annual water demand of your project based on the following allocations:
 - a. Multifamily residential: 0.25 AF/yr/dwelling unit
 - b. $0.25 \text{ AF/yr} \times 100 \text{ multifamily dwelling units} = 25 \text{ AF/yr}$
2. Multiply your annual water demand by 100 years.
 - a. $25 \text{ AF/yr} \times 100 \text{ years} = \mathbf{2500 \text{ AF}}$

How do I locate extinguished credits that are not yet pledged?

The Arizona Department of Water Resources Office of Assured and Adequate Water Supply should be contacted for a current list of Unpledged Assured Water Supply Credits for the Prescott Active Management Area:

- Phone: 602-771-8599
- Email: assuredadequate@azwater.gov



Workforce Housing

Water Resource Management Division
201 S. Cortez St., Prescott, AZ 86303
(P) 928.777.1645 (F) 928.777.1255

This information sheet describes workforce housing as it relates to City Codes and City Water Policy. This is for information purposes only as median incomes and mortgage rates change. Contact the City for further assistance.

What is workforce housing?

“Workforce housing” is defined in City Code 10-1, Land Development Code (LDC), Article 11 as:

Housing developed with a household income paying no more than 30% of gross family income for mortgage, insurance and homeowner association fees or for rent and utilities; or which earns up to 60% of the Area Median Income of Yavapai County for multi-family rental housing; or 80% for single-family owned housing and that restricts student use per Section 42 of the Internal Revenue Code in accordance with the Internal Revenue Code and Arizona Department of Housing Guidelines.

For the purposes of water allocation, it is intended for either ownership or rentals. Housing defined in LDC as “Dwelling, Single Family” or “Dwelling, Attached Single Family” is housing for homebuyers earning incomes less than 120% of the median income for Prescott. Housing defined in LDC as “Dwelling, Duplex; Dwelling, Multiple-Family; Apartments is housing for incomes less than 80% of the median income for Yavapai County.

What information source is used by the City for determining the median income for Prescott?

The City references the data assembled by the U.S Census Bureau, American Fact Finder, which is located on the web at <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>

Examples:

			<u>Annual</u>	<u>Monthly</u>
Yavapai County Median Household Income	-		34,901.00	2,908.42
Multi-family rental housing				
Income	80%	27,920.80		2,326.73
Available for Housing	30%	8,376.24		698.02
			<u>Annual</u>	<u>Monthly</u>
Prescott Median Household Income	-		45,190.00	3,765.83
Single-family owned				
Income	120%	54,228.00		4,519.00
Available for Housing	30%	16,268.40		1,355.70

NOTE: SUBJECT TO CHANGE WITH U.S. CENSUS BUREAU UPDATES, ECONOMIC CONDITIONS, and MORTGAGE RATE VARIATIONS

If you are considering a workforce housing project, please contact:

Community Development
201 S. Cortez
(928) 777-1205

Water Resource Management
201 S. Cortez
(928) 777-1645



WATER SERVICE AGREEMENT APPLICATION

Water Resource Management Division
 201 S. Cortez St., Prescott, AZ 86303
 (P) 928.777.1645 (F) 928.777.1255

Please complete the form and submit a legible legal description on a separate sheet of paper as well as a site plan of the subject property with proposed improvements. Submit all documents and the filing fee directly to the Community Development Department at 201 S. Cortez St, Prescott, AZ 86302.

APPLICANT INFORMATION

Applicant: _____	Contact Person: _____
Address: _____	City/State/Zip: _____
Phone: _____	Email: _____

Property Owner: _____	Contact Person: _____
Address: _____	City/State/Zip: _____
Phone: _____	Email: _____

PROJECT SITE

Address: _____

Current Zoning: _____ Proposed Zoning: _____

Assessor's Parcel Number(s) of Existing Property
 _____ - _____ - _____ - _____ - _____

Existing Water Service (Y/N): _____ Existing Sewer Service (Y/N): _____

Existing Well (Y/N): _____ If Yes, Well Registry No.: _____

PROJECT DESCRIPTION

Is the project Residential or Commercial? _____

Please provide brief description: _____

of Proposed Units: _____ # of Proposed Lots: _____

Has a Water Demand Analysis been completed (commercial)? _____

Has a building permit application been submitted? _____

Has a Planning and Zoning Recommendation been made? _____

FEES: subject to fees in effect at that time of application submittal

☐ \$	Single Family Residence	☐ \$	Multi-Family Residence, Mobile Home Park
☐ \$	Residential Subdivision	☐ \$	Commercial Subdivision
☐ \$	Commercial Project	☐ \$	Change of Use

Applicant Signature: _____

Date: _____

OFFICE USE ONLY

PERMIT #: WSA16- _____	FEE PAID: _____	Trak It: _____	Legal Attached: _____
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ALTERNATIVE WATER ALLOCATION

Effective December 31, 1998, all residential development within the City's water service area desiring to utilize the City's water system and not having a 100-year Assured Water Supply certification, shall be required to obtain a Water Service Agreement (WSA). Water service shall only be made by agreement. Such agreements may set forth the terms and conditions of water service, including, but not limited to: volume of approved water; time periods to use or lose the water allocation; third party approval requirements; City sewer use and effluent ownership and use rights; any special fees or assessments; and stipulations and requirements regarding the use of the property to be developed as set forth in a residential development plan. Agreements for water service shall only be approved within the limits of the approved Prescott Water Budget, unless amended or waived by the Prescott City Council.

Agreements for water service shall only be approved for residential development plans, or for a commercial/industrial projects determined by the Prescott City Council to be in compliance with all applicable City development regulations, to be consistent with and conform to the City's adopted General Plan, and to be consistent with and conform to any and all adopted and applicable plans:

- (A) Specific Area Plan;
- (B) Neighborhood Plan;
- (C) Local Historic District Plan;
- (D) Circulation Plan;
- (E) Open Space, Trail, Park or Recreation Plan;
- (F) Growth Planning or Growth Management Plan;
- (G) Capital Improvement Plan;
- (H) Redevelopment Plan; and/or
- (I) Other adopted, applicable City Plan or Policy.

In determining whether a development is consistent with and conforms to the General Plan and any of the identified other applicable and adopted plans or policies, the overall intent and goals of the applicable plan or policy shall be considered, and the development plan shall also be evaluated as to whether it furthers the implementation of, and is not contrary to, the policies, goals, objectives, strategies and applicable elements of the plans and policies.



TO: MAYOR AND CITY COUNCIL
AGENDA: October 2 Workforce Housing Meeting
DATE: October 2, 2024
DEPT: City Manager
ITEM #: 3.D
SUBJECT: Presentation & Discussion Regarding Fees, Fee Schedules, and Permit Review Timeframes.

ITEM SUMMARY

This item is to review fees, fee schedules, and permit review timeframes for areas that can be incentivized or reduced for workforce housing projects.

BACKGROUND

The Workforce Housing Committee has been discussing different opportunities for incentivization of workforce housing projects. Attached are three examples of fees/costs for new construction. Fees are broken down into three categories - Building plan review fees, Public Works plan review fees, and development impact fees. The first is an example 6-unit multifamily building. The second is a custom home and the third is a production builder home. Staff will discuss each example with the committee at the meeting.

Staff was also asked to provide example permit review timeframes for the committee. Using the three examples above, staff will discuss the time taken between the original plan submittal and the final issuance of a permit for each.

FINANCIAL IMPACT

None at this time.

RECOMMENDED ACTION

This item is for discussion only. No formal action will be taken.

ATTACHMENTS

1. Example 1 Multifamily fees
2. Example 2 SF Custom Home fees
3. Example 3 SF Production Home fees

Example 1 – multifamily building with 8 units - value approx. \$1,500,000, Time 149 days (includes 3 months of applicant corrections)

▼ ▼ BUILDING

Paid: \$900.00

▼	BLD - BUILDING PLAN CHECK COMMERCIAL OVER \$14,000 1003800-6520	\$900.00
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▼ ▼ BUILDING

Paid: \$14,843.57

▼	BLD - BUILDING PLAN CHECK COMMERCIAL OVER \$14,000 1003800-6520		\$3,958.64
▼	BLD - BUILDING PLAN CHECK COMMERCIAL E/M/P/F 1003800-6520		\$1,727.91
▼	BLD - COMMERCIAL BUILDING PERMIT OVER \$14,000 1003800-6405		\$6,435.70
▼	BLD - E/M/P/F PERMIT COMMERCIAL - ELECTRIC 1003800-6405	9446	\$664.58
▼	BLD - E/M/P/F PERMIT COMMERCIAL - FUEL GAS 1003800-6405	9446	\$664.58
▼	BLD - E/M/P/F PERMIT COMMERCIAL - PLUMBING 1003800-6405	9446	\$664.58
▼	BLD - ISSUE BUILDING 1003800-6405		\$63.00
▼	BLD - E/M/P/F PERMIT COMMERCIAL - MECHANICAL 1003800-6405	9446	\$664.58

Example 1 – multifamily building with 8 units - value approx. \$1,500,000, Time 149 days (includes 3 months of applicant corrections)

▼ PW - GENERAL

Paid: \$244.99

▼ PW - EROSION AND SEDIMENT CONTROL 7039999-6525	\$58.63
▼ PW - WATER METER - UPSIZE 7009999-7015	\$172.00
▼ PW - WATER METER TAX 700-3065	\$14.36

▼ PW - IMPACT FEES

Paid: \$24,735.00

▼ DIF - WATER RESOURCE DEVELOPMENT IMPACT - UPSIZE 7109999-6505	\$3,362.00	UPSIZE 5/8 TO 1.5
▼ DIF - WATER SYSTEM DEVELOPMENT IMPACT AREA A - UPSIZE 71A9999-6505	\$2,011.00	
▼ DIF - WATER SYSTEM DEVELOPMENT IMPACT AREA B - UPSIZE 71B9999-6505	\$10,362.00	
▼ DIF - WASTEWATER SYSTEM DEVELOPMENT IMPACT - UPSIZE 72A9999-6505	\$7,047.00	
▼ DIF - FIRE IMPACT - RESIDENTIAL 2339999-6505	9327 \$343.00	
▼ DIF - POLICE IMPACT - RESIDENTIAL 2349999-6505	9327 \$388.00	
▼ DIF - STREET IMPACT - RESIDENTIAL 2369999-6505	9327 \$1,222.00	

Example 1 – Single-family Custom - value approx. \$550,000,
Time – 84 days (includes 7 weeks of applicant corrections)

▼	▼	BLD RESIDENTIAL	Paid: \$742.00
▼		BLD - BUILDING PLAN CHECK RESIDENTIAL OVER \$14,000 1003805-6520	\$742.00
▼	▼	BLD RESIDENTIAL	Paid: \$4,562.52
▼		BLD - BUILDING PLAN CHECK RESIDENTIAL OVER \$14,000 1003805-6520	\$1,005.38
▼		BLD - BUILDING PLAN CHECK RESIDENTIAL E/M/P/F 1003805-6520	\$417.92
▼		BLD - E/M/P/F PERMIT RESIDENTIAL - ELECTRIC 1003805-6525	4175 \$160.74
▼		BLD - E/M/P/F PERMIT RESIDENTIAL - FUEL GAS 1003805-6525	4175 \$160.74
▼		BLD - E/M/P/F PERMIT RESIDENTIAL - MECHANICAL 1003805-6525	4175 \$160.74
▼		BLD - E/M/P/F PERMIT RESIDENTIAL - PLUMBING 1003805-6525	4175 \$160.74
▼		BLD - RESIDENTIAL BUILDING PERMIT OVER \$14,000 1003805-6525	\$2,496.26
▼	▼	BUILDING	Paid: \$65.00
▼		BLD - ISSUE BUILDING 1003805-6405	\$65.00

Example 1 – Single-family Custom - value approx. \$550,000,
Time – 84 days (includes 7 weeks of applicant corrections)

▼ PW - GENERAL

Paid: \$601.24

▼	PW - EROSION AND SEDIMENT CONTROL 7039999-6525		\$64.13
▼	PW - RIGHT OF WAY - PERMIT 2159999-6405		\$50.00
▼	PW - WATER METER - 1 INCH METER 7009999-7015	1	\$449.57
▼	PW - WATER METER TAX 700-3065		\$37.54

▼ PW - IMPACT FEES

Paid: \$11,717.00

▼	DIF - FIRE IMPACT - RESIDENTIAL 2339999-6505	3001	\$343.00
▼	DIF - POLICE IMPACT - RESIDENTIAL 2349999-6505	3001	\$388.00
▼	DIF - STREET IMPACT - RESIDENTIAL 2369999-6505	3001	\$1,222.00
▼	DIF - WATER RESOURCE DEVELOPMENT IMPACT - 5/8 IN METER 7109999-6505	1	\$1,441.00
▼	DIF - WATER SYSTEM DEVELOPMENT IMPACT AREA A - 5/8 IN METER 71A9999-6505	1	\$862.00
▼	DIF - WATER SYSTEM DEVELOPMENT IMPACT AREA B - 5/8 IN METER 71B9999-6505	1	\$4,441.00
▼	DIF - WASTEWATER SYSTEM DEVELOPMENT IMPACT - 5/8 IN METER 72A9999-6505	1	\$3,020.00

Example 1 – Single-family production - value approx. \$300,000,
Time 9 days

▼ ▼ **BLD RESIDENTIAL**

Paid: \$2,841.96

▼	BLD - BUILDING PLAN CHECK RESIDENTIAL OVER \$14,000 1003805-6520		\$947.56
▼	BLD - BUILDING PLAN CHECK RESIDENTIAL E/M/P/F 1003805-6520		\$213.02
▼	<u>BLD - E/M/P/F PERMIT RESIDENTIAL - ELECTRIC</u> 1003805-6525	2128	\$81.93
▼	BLD - E/M/P/F PERMIT RESIDENTIAL - FUEL GAS 1003805-6525	2128	\$81.93
▼	BLD - E/M/P/F PERMIT RESIDENTIAL - MECHANICAL 1003805-6525	2128	\$81.93
▼	BLD - E/M/P/F PERMIT RESIDENTIAL - PLUMBING 1003805-6525	2128	\$81.93
▼	BLD - RESIDENTIAL BUILDING PERMIT OVER \$14,000 1003805-6525		\$1,353.66

▼ ▼ **BUILDING**

Paid: \$65.00

▼	BLD - ISSUE BUILDING 1003805-6405		\$65.00
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Example 1 – Single-family production - value approx. \$300,000,
Time 9 days

▼	▼	PW - GENERAL		Paid: \$523.31
▼		PW - EROSION AND SEDIMENT CONTROL 7039999-6525		\$64.13
▼		PW - RIGHT OF WAY - PERMIT 2159999-6405		\$50.00
▼		PW - WATER METER - 5/8 X 3/4 INCH METER 7009999-7015	1	\$353.30
▼		PW - WATER METER TAX 700-3065		\$29.50
▼		PW - WATER METER ADAPTER - 1IN TO 3/4-5/8IN 7009999-7015	1	\$26.38
▼	▼	PW - IMPACT FEES		Paid: \$10,835.00
▼		DIF - FIRE IMPACT - RESIDENTIAL 2339999-6505	1581	\$187.00
▼		DIF - POLICE IMPACT - RESIDENTIAL 2349999-6505	1581	\$212.00
▼		DIF - STREET IMPACT - RESIDENTIAL 2369999-6505	1581	\$672.00
▼		DIF - WATER RESOURCE DEVELOPMENT IMPACT - 5/8 IN METER 7109999-6505	1	\$1,441.00
▼		DIF - WATER SYSTEM DEVELOPMENT IMPACT AREA A - 5/8 IN METER 71A9999-6505	1	\$862.00
▼		DIF - WATER SYSTEM DEVELOPMENT IMPACT AREA B - 5/8 IN METER 71B9999-6505	1	\$4,441.00
▼		DIF - WASTEWATER SYSTEM DEVELOPMENT IMPACT - 5/8 IN METER 72A9999-6505	1	\$3,020.00



TO: MAYOR AND CITY COUNCIL
AGENDA: October 2 Workforce Housing Meeting
DATE: October 2, 2024
DEPT: City Manager
ITEM #: 3.E
SUBJECT: Presentation & Discussion Regarding Code Revisions for Accessory Dwelling Units (ADU).

ITEM SUMMARY

This item is for the Workforce Housing Committee to review the proposed ADU code revision. Comments from the committee will be read at the Planning and Zoning Meeting on October 10 where the code revision will be brought for review and recommendation to Council.

BACKGROUND

Staff has been working on a recommendation for code revision regarding Accessory Dwelling Units (ADUs) to allow them for long term rental, opening up more supply for housing.

FINANCIAL IMPACT

None at this time.

RECOMMENDED ACTION

This item is for discussion only. No formal action will be taken.

ATTACHMENTS

1. ADU Proposal- Short Version-09.2024

Draft ADU Ordinance Language- Short Version

2.5.2 General

B. For residential uses within residential zoning districts, accessory uses and structures must be subordinate to the principal use and structure on the subject lot in terms of area, extent and purpose. The total gross floor area of all accessory structures on a lot shall not exceed 600 sq. feet or 50 percent of the total gross floor area of the principal structure on the lot, whichever is greater. The provisions of this paragraph shall not apply to agricultural or commercial/industrial uses.

2.5.6 Guest Quarters & ADUs

Guest quarters/Accessory Dwelling Units (ADUs) may be attached or detached from the principal single-family dwelling unit and shall be considered accessory use to such a dwelling unit (principal use). An accessory dwelling unit (ADU) is a smaller, independent residential dwelling unit located on the same lot as a single-family home. ADUs can be attached or detached to the principal dwelling. All guest quarters/ADUs shall be subject to the following standards:

A. Guest quarters/ADUs may be attached or detached from the principal single-family dwelling.

B. Guest quarters/ADUs shall be subject to the size limitations of Sec. 2.5.2B.

~~C. Guest quarters may be utilized by guests and persons employed on site by the resident family of the principal dwelling, and may not be rented separately from the principal dwelling unit.~~

C. Detached guest quarters/ADUs shall meet all development standards generally applicable to accessory buildings or structures, including minimum building setbacks and building height.

D. Guest Quarters/ADUs and the primary residence shall share utilities. Separate utility meters shall not be allowed.

E. Guest Quarters/ADUs include a kitchen. ~~However, such quarters shall not be utilized as separate rental units.~~

F. One off-street parking space shall be required for each guest quarters/ADU, in addition to that required for the primary dwelling unit. The additional required parking space shall be located on the same lot as the primary dwelling unit. Tandem parking shall be allowed for guest quarters only.

G. Where 2 complete dwelling units are attached to each other on the same lot, they shall be considered a Duplex, without consideration to the relative size of each attached unit. A Duplex shall meet all development standards for the district, including minimum building setbacks and limitations on overall density.



TO: MAYOR AND CITY COUNCIL
AGENDA: October 2 Workforce Housing Meeting
DATE: October 2, 2024
DEPT: City Manager
ITEM #: 3.F
SUBJECT: Presentation & Discussion Regarding Community Outreach and Communications.

ITEM SUMMARY

This item is to discuss actionable items that the Committee can do now to help educate and reach the public regarding workforce housing.

BACKGROUND

The Workforce Housing Committee has discussed community outreach to combat NIMBY-ism (Not In My Back Yard) when it comes to workforce housing.

FINANCIAL IMPACT

None at this time.

RECOMMENDED ACTION

This item is for discussion only. No formal action will be taken.

ATTACHMENTS

1. WHC Community Outreach Plan
2. WHC Talking Points
3. WHC Fact Sheet



Workforce Housing Committee Communications/Community Outreach Plan

Overview

The Prescott Workforce Housing Committee was established in 2022 to address concerns about the availability and accessibility of housing for service employees in the community, such as police, firefighters, nurses, teachers, and other professions that are critical to a community's functioning. The committee is comprised of local stakeholders and industry experts and is working on short- and long-term goals to address availability and accessibility of workforce housing in Prescott.

To better engage the community and share important messages related to the Committee's work, a communication and community outreach plan has been established.

Here is a proposed communications and community outreach plan.

Phase 1 - Now

Creation of FAQ/Fact Sheet which includes the mission/vision statements, defined need for the committee, and overview of why workforce housing is needed in Prescott, then short- and long-term goals for the committee. Creation of a communication plan.

Phase 2 – Following Council Review and Approval

Begin regular communications including but not limited to:

1. Press releases
2. Social media posts (Facebook and Instagram)
3. Letters to the editor from the board chair
4. Radio PSAs for specific, timely projects such as a local survey, or special event

Key Messages

- Mission and Vision statement for the Workforce House Committee
- Definition of Workforce and Workforce Housing
- Why Workforce Housing Makes Sense for Prescott
 - Stabilizes Community
 - Creates better quality of life for residents
 - Allows essential service workers to live in the community they work in
 - Does not diminish home values
 - Positively impacts local education system
 - Mitigates traffic concerns – less commuting long distances
 - Promotes economic development by providing a local, stable workforce
 - Fosters a Diverse Community
 - Supports Small Businesses



Talking Points

Some Reasons Why a Workforce Housing Program Prescott Makes Sense in Prescott

The Prescott Workforce Housing Committee was established in 2022 to address concerns about the availability and accessibility of housing for service employees in the community, such as police, firefighters, nurses, teachers, and other professions that are critical to a community's functioning. The committee is comprised of local stakeholders and industry experts and is working on short- and long-term goals to address availability and accessibility of workforce housing in Prescott.

Workforce housing plays a crucial role in creating diverse, vibrant, and sustainable communities. Here are several compelling arguments for how it enhances a community without negatively affecting home values:

- **Stabilizes the Workforce:** Workforce housing ensures that workers, such as teachers, healthcare professionals, and first responders, can live near their workplaces. This reduces commuting times, increases job satisfaction, and ultimately leads to a more stable and reliable workforce. This, in turn, benefits local businesses and institutions.
- **Promotes Economic Growth:** A stable, well-housed workforce is vital for economic development. When workers have affordable housing options, they are more likely to remain in the area, reducing turnover costs for employers. Additionally, when employees have more disposable income due to lower housing costs, they tend to spend more in the local economy, thus stimulating economic growth.
- **Fosters a Diverse Community:** A mix of income levels and backgrounds enriches the fabric of a community. Workforce housing allows for a diverse population, contributing to a more inclusive and dynamic neighborhood. This diversity can lead to a stronger sense of community and a wider range of perspectives and talents.
- **Supports Educational Systems:** Teachers and other education professionals are essential to a thriving community. Having affordable housing options near schools helps to attract and retain high-quality educators, which in turn leads to improved educational outcomes for children.
- **Supports Healthcare Systems:** Doctors, nurses, and other healthcare professionals provide an important service to our community. Providing affordable housing options near medical facilities helps attract and retain high-quality medical professionals, which in turn leads to improved healthcare delivery.
- **Encourages Civic Participation:** When people live close to their workplaces, schools, and community amenities, they are more likely to engage in local activities and events. This fosters a sense of belonging and encourages civic participation, leading to a more engaged and active community.

- **Maintains Property Values:** Well-maintained, thoughtfully designed workforce housing can have a positive impact on property values. Studies have shown that when affordable housing developments are properly integrated into neighborhoods, they do not necessarily lead to a decrease in surrounding property values. In fact, they can help stabilize property values by reducing blight and vacancy rates.
- **Mitigates Traffic and Environmental Impact:** When workers can live close to their workplaces, there is a reduction in traffic congestion, which leads to fewer environmental impacts as well as reduced stress on the public safety infrastructure.
- **Addresses Housing Shortages:** Many communities face housing shortages, which can lead to inflated home prices and limited availability. Workforce housing initiatives can help alleviate some of this pressure by increasing the overall supply of housing options.
- **In summary,** workforce housing is not only a social imperative but also an economic and community-building asset. When thoughtfully planned and integrated into a community, it can enhance the quality of life for all residents without negatively affecting property values. It contributes to a more inclusive, economically vibrant, and sustainable community for everyone involved.

Without acting on the Workforce Housing issue, recruitment and retention of quality service providers will continue to erode. Prescott residents will experience longer wait times, reduced service levels and, in some cases, have to go outside of the area for services. There may also be an overall increased cost of services locally. Prescott may experience less diversity in population, and service providers will be disconnected from the community.



Fact Sheet

Workforce Housing in Prescott

Introduction: Prescott, Arizona, a picturesque city nestled in the heart of Yavapai County, boasts a rich history, stunning natural beauty, overall excellent quality of life, and a vibrant active and engaged community. However, the availability of affordable and attainable workforce housing is a critical issue requiring urgent attention.

For this reason, the City of Prescott has established a Workforce Housing Committee, with local stakeholders and industry experts, to learn about the issue, establish short and long-term goals, and make recommendations to City staff and elected officials for future policies and programs

This fact sheet outlines the importance of affordable and accessible workforce housing in Prescott and provides compelling reasons for its implementation. This document also outlines the City of Prescott Workforce Housing Committee Mission, Vision, short- and long-term goals.

What Is Workforce Housing?

Workforce housing refers to residential properties, such as apartments or homes, that are designed to be affordable for individuals and families who are employed within a specific area. This is different from a government subsidized housing program that supports a lower income bracket.

The term "workforce" implies that these properties cater to people who work in jobs, like teachers, nurses, police officers, firefighters, as well as those within the hospitality and retail service industries, and other professions that are critical to a community's functioning such as construction workers.

The goal of workforce housing is to provide affordable housing options for individuals and families who face challenges in finding housing that is reasonably priced within their means. This type of housing often targets a specific income range, making it more accessible for individuals who are part of the local workforce but might be priced out of the broader housing market.

Generally, based on HUD and ULI definitions plus local statistics and research, we define workforce as those that earn about 60%-120% of the area's median income. Based on our current area median income (FY23) of \$76,000 for a family of four, this scale would start at \$46,020 and go to \$92,040. This will provide the target monthly workforce housing rent/mortgage amount of \$1,150 (not including utilities).

Governments, non-profit organizations, and private developers may be involved in creating and managing workforce housing initiatives. These projects can take various forms, including rental apartments, condominiums, or single-family homes, and they often involve partnerships between public and private sectors to address the housing needs of a community's workforce.

Compelling Reasons for Establishing Workforce House Availability and Accessibility in Prescott.

Workforce housing plays a crucial role in creating diverse, vibrant, and sustainable communities. Here are several compelling arguments for how it enhances a community without negatively affecting home values:

- **Stabilizes the Workforce:** Workforce housing ensures that service workers, such as teachers, healthcare professionals, and first responders, can live near their workplaces. This reduces commuting times, increases job satisfaction, and ultimately leads to a more stable and reliable workforce. This, in turn, benefits local businesses and institutions.
- **Promotes Economic Growth:** A stable, well-housed workforce is vital for economic development. When workers have affordable housing options, they are more likely to remain in the area, reducing turnover costs for employers. Additionally, when employees have more disposable income due to lower housing costs, they tend to spend more in the local economy, thus stimulating economic growth.
- **Fosters a Diverse Community:** A mix of income levels and backgrounds enriches the fabric of a community. Workforce housing allows for a diverse population, contributing to a more inclusive and dynamic neighborhood. This diversity can lead to a stronger sense of community and a wider range of perspectives and talents.
- **Supports Educational Systems:** Teachers and other education professionals are essential to a thriving community. Having affordable housing options near schools helps to attract and retain high-quality educators, which in turn leads to improved educational outcomes for children.
- **Supports Healthcare Systems:** Doctors, nurses, and other healthcare professionals provide an important service to our community. Providing affordable housing options near medical facilities helps attract and retain high-quality medical professionals, which in turn leads to improved healthcare delivery.
- **Encourages Civic Participation:** When people live close to their workplaces, schools, and community amenities, they are more likely to engage in local activities and events. This fosters a sense of belonging and encourages civic participation, leading to a more engaged and active community.
- **Maintains Property Values:** Well-maintained, thoughtfully designed workforce housing can actually have a positive impact on property values. Studies have shown that when affordable housing developments are properly integrated into neighborhoods, they do not necessarily lead to a decrease in surrounding property values. In fact, they can help stabilize property values by reducing blight and vacancy rates.
- **Mitigates Traffic and Environmental Impact:** When workers can live close to their workplaces, there is a reduction in traffic congestion, which leads to fewer environmental impacts as well as reduced stress on the public safety infrastructure.
- **Addresses Housing Shortages:** Many communities face housing shortages, which can lead to inflated home prices and limited availability. Workforce housing initiatives can help alleviate some of this pressure by increasing the overall supply of housing options.
- **In summary,** workforce housing is not only a social imperative but also an economic and community-building asset. When thoughtfully planned and integrated into a community, it can enhance the quality of life for all residents without negatively affecting property values. It contributes to a more inclusive, economically vibrant, and sustainable community for everyone involved.

Without acting on the Workforce Housing issue, recruitment and retention of quality service providers will continue to erode. Prescott residents will experience longer wait times, reduced service levels and,

in some cases, have to go outside of the area for services. There may also be an overall increased cost of services locally. Prescott may experience less diversity in population, and service providers will be disconnected from the community.

The City of Prescott's Workforce Housing Committee

Mission:

Plan and Preserve Workforce Housing Solutions to Promote a Healthy and Vibrant Community for All.

Vision:

Facilitate Housing Solutions to Attract and Retain Quality Employees and Lead to Improved Service Delivery and Quality of Life for our Residents and Workforce.

Short Term Goals (1-3 years):

1. Pursue Match Funding for a Full-Time Workforce Housing Facilitator Position OR Engage a Third Party to act in this role.
2. Formalize a Third-Party Stakeholder Organization Group
3. Finalize the General Plan Housing Element Draft
4. Create Two Separate Incentive Packets: One to Encourage Developers/Builders and the other to Help the Workforce Know What Options (i.e. Financial Programs, Housing Programs, etc.) Are Available
5. Research the Best Financial Program Solutions for the City and Stakeholders
6. Accessory Dwelling Unit ("ADU") Code Revision: Work with Planning Staff to Propose Code Modification that Encourages and Incentivizes ADU Construction to Increase Supply for Long-Term Rentals that can Serve Workforce Housing
7. Create a Workforce Housing Policy for Council Consideration: Research Ways to Prioritize Workforce Housing Projects within Current City Policies (i.e. Water Management Policy), as well as in Current City Codes (i.e. Building and Wildland Urban Interface Codes), and Research Voluntary Contributions from New Commercial and Other Development Projects (i.e. Housing Projects include percentage of Workforce Housing, Hotels include Housing Options for Employees, or other Contribution)
8. Create a City Program similar to the Yavapai County Home of My Own Program
9. Community Outreach: create a communications plan
10. Set Up a Fund Account for Workforce Housing: Similar to "Change for the Better;" recommend that Council Direct Staff to Create Account and Explore Ways to Seek Out Funding such as Donations Pursue Match Funding for a Full-Time Workforce Housing Facilitator Position OR Engage a Third Party to act in this role.

Long Term Goals (3-5 years):

1. Facilitate or Partner in Creating a Tangible Product
2. Create a Regional Workforce Housing Strategic Plan
3. Identify the Number of Units Needed

For additional information and resources on workforce housing in Prescott, go to _____.



TO: MAYOR AND CITY COUNCIL
AGENDA: October 2 Workforce Housing Meeting
DATE: October 2, 2024
DEPT: City Manager
ITEM #: 4.A
SUBJECT: Staff Announcements & Discussion Regarding Future Agenda Items.

ITEM SUMMARY

Staff will provide necessary updates and discuss future agenda items. The committee will also use this opportunity to request the Chair and Vice Chair put certain items on future agendas.

BACKGROUND

None.

FINANCIAL IMPACT

None.

RECOMMENDED ACTION

This item is for discussion only. No formal action will be taken.

ATTACHMENTS

None