

City of Prescott

City Council - Study Session



February 17, 2026 | 1:00 PM
201 N Montezuma Street
Council Chambers, 1st Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

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

2. ROLL CALL

Cathey Rusing - Mayor
Lois Fruhwirth - Mayor Pro Tem
Mary Frederickson - Councilwoman
Ted Gambogi - Councilman
Jim Garing - Councilman
Patrick Grady - Councilman (Excused)
Jay Ruby - Councilman

3. DISCUSSION

- A. Presentation & Discussion Regarding Water Resources Management for the City of Prescott.

Water Resource & Water Services Manager Brian Ruiz provided a presentation to the Council regarding an overview of the city's water resources management. He introduced water resources staff Water Resource Manager Leslie Graser and Water Resources Project Manager Tracie Beasley who will also be providing information for the Council.

Ms. Graser began with a discussion regarding the regulatory framework for the department:

- * Active Management Area (AMA)
- * Conservation
- * Underground Water Storage, Savings and Replenishment
- * Adjudications
- * Dam Safety - Watson, Willow and both Upper and Lower Goldwater Lakes
- * Surface Water
- * Assured and Adequate Water Supply
- * Hydrology
- * Groundwater Wells & Permitting
- * Community Water Systems
- * Laws, Rules and Policies

Prescott AMA:

- * Two groundwater sub-basins - Little Chino and Upper Aqua Fria
- * Statutory management goal - safe yield

- * AMA Supply - groundwater, effluent and surface water
- * Area continues to be regulated pursuant to the Prescott AMA 5th Management Plan - plan will remain in effect until Arizona Revised Statutes set forth another series of plans for development and adoption

City's Assured Water Supplies (AWS):

- * 29,574.84 AF/year based on 2009 Decision & Order
- * Groundwater (Prescott AMA) - 9,466.02 AF/year
- * Alternative Water - 7,041.42 AF/year
 - Direct delivery of treated effluent supplies: 1,496 AF/year
 - Treated effluent supplies for storage and delivery: 3,649.98 AF/year
 - Long-term storage credits - 204.44 AF/year
 - Surface water supplies for storage and recovery: 1,391 AF/year
- * Alternative Water (transported and imported from Big Chino Groundwater) - 8,067.4 AF/year

Councilwoman Frederickson asked why the Big Chino groundwater is included in the portfolio but not being used.

Ms. Graser responded that it is in the portfolio, but reservations have not been made against it.

Councilman Ruby asked if the Big Chino has been calculated in the growth projections.

Ms. Graser responded that any demand included in the Decision & Order is planned for.

AWS Key Dates & Events:

- * 2021 - city's application to modify its designation of AWS was filed
- * 2022 - ADWR deficiency letter 1, ADWR supplemental deficiency letter and city's responses
- * 2023 - ADWR deficiency letter 3
- * 2025
 - ADWR Deficiency letter 4 related to model only/city response
 - ADWR reimburses city's application fee of \$2,000
- * 2026 - ADWR Deficiency letter 5
- * City remains a designated water provider under current Decision & Order of Assured Water Supply until it is superseded with a new ADWR Document

Ms. Beasley continued with a discussion regarding water conservation education and outreach.

History:

- * 1981-1990 - launch of focused efforts on water conservation
 - Creation of an energy and resource task force
 - Series of codes (engineering, landscaping, rates, etc) and procedures were adopted
 - 1987 - first AMA management plan elevated and added required regulations to city efforts

- * 1992 - first Prescott Water Conservation Incentive Program provided rebates to customers who achieved a series of water conservation efforts
- * 2000 - ADWR third Prescott AMA Plan makes public education and outreach, including a rebate program, a requirement for Prescott
- * 2005 - Council rescinded incentive program and developed a new city conservation strategic plan which included a tiered rate structure, updated rebate program, extensive water conservation education and publicity and new conservation regulatory codes
- * 2006 - recommendations adopted and a full-time water conservation position was established, WaterSmart brand was trademarked as the official brand for the Prescott Water Conservation Program; WaterSmart education and outreach launched
- * 2010 - ADWR fourth AMA Management Plan mandated an expanded water conservation education and outreach program
- * 2015 - watersmart.com website launch
- * 2022 - prescottwater.com established

Water Conservation Rebate & Incentive Program:

- * Code Chapter 3-10, Section 3-10-8
- * Established in 2006 via utility bill credits
- * Goal - reduce per person/account water use via water efficiency choices
- * Initial offerings included turf removal, drip irrigation, toilets, leak repairs and more
- * Since 2006, over 4,500 approved applications/estimated 10,000+ rebates
- * CY24 rebate outcomes - 285 rebates, 2, 107,825 gallons (6.5 AF)
- * CY25 Education & Outreach Program Components - educational print materials, www.prescottwater.com, regular resource and education social media posts, radio PSAs 2-4 topics per quarter, newspaper ads, public presentations (HOAs, churches, CWAG, etc), Prescott Library Viewerie display, Free DIY Efficiency Items, EyeOnWater support and partnership events

Water Conservation FY26:

- * EyeOnWater - support Water Operations with customer outreach to increase sign ups and use of new smart water meter leak detection app
- * Rebate Program - city code updates, shifted customer online application and program database from low-functioning/expensive third party to city built/managed, new system allows for better use of data to assess water savings
- * Looking Forward - reduce barriers to WaterSmart Choices, target programs, leverage partnerships, support demand management planning in LTWMP, pilot new, proven water conservation outreach initiatives

Councilman Garing asked how many city meters have been converted to smart meters.

Utilities Manager Steven Olfers said approximately 13,000 of 25,000.

Councilwoman Frederickson commented that there is no indication on the water bill when a citizen will fall into a new tier, and asked if there is a way to break that out to create better awareness.

Ms. Beasley responded that preliminary conversations with utility billing regarding that, but it will be awhile before it might appear on the bills because of pre-ordering.

Mr. Ruiz continued the discussion regarding the city's water policy, the Big Chino Water Ranch and Gila Adjudication.

Water Policy:

- * Origins of current policy from 1998 when the city was out of safe yield
- * Most current policy was approved in May 2025
- * Provides the policy and procedures used to approve water service requests for development

Water Issues Subcommittee:

- * Comprised of three Councilmembers, selected by the Council every two-years in November
- * Recommends the water budget for residential and non-residential
- * Reviews and makes recommendations on Water Service Applications (WSA)
- * Relevant water topics

Water Service Application Process:

- * Administrative Approval & Logging
 - 8 multi-family or 4 single family units (residential)
 - 1.5 AF/year or less (non-residential): small office buildings, low water intensity use
- * If above criteria are exceeded, the application requires Council Action
 - Step 1: Council Subcommittee recommendation
 - Step 2: vote of the full Council
- * All administrative and Council approved water is subtracted from the current water budgets

Water Budget:

- * Set by WIS semi-annually for January-June and July-December
- * Normally set at 25 AF/year for residential and non-residential but can be adjusted by WIS and Council
- * All WSAs are tracked and deducted from budget

Existing Obligations:

- * +700 tracked obligations in current catalog
- * Water Service Agreements, Development Agreements, Groundwater Subdivisions, WSAs, and Tribal Settlement
- * Deep Well and AED together have obligations to over 2,600 acre-feet of water
- * Existing obligations do not come out of the water budget

Big Chino Water Ranch (BCWR):

- * Located in the Big Chino Sub-basin outside the Prescott AMA
- * 4,582 acres of deeded land and 1,807 acres of state-lease
- * One of five transpiration basins within the state
- * ARS 45-555 allows withdrawal and transport of 8,068 acre-feet per year
- * Leased for ranching

- * No pumping since purchase in 2004
- * Erosion Control Project with The Nature Conservancy (TNC)
- * None of the water management portfolios include the Big Chino Water Ranch, because at this time the city does not have any access to the water

BCWR Cost Estimates (2024):

- * City of Prescott cost is estimated at approximately \$141,503,960 (well field facilities, pipelines, road stabilization, pump stations, utility power, easements, engineering - design/construction) for a total overall cost of \$261,560,000
- * Split is 54.1% Prescott and 45.9% Prescott Valley per the IGA
- * Costs are estimated by Black & Veatch in 2023

Comprehensive Agreement 1 (CA1):

- * 2010 Agreement in Principle, 2012 CA1, 2017 Modeling contract and 2025 modeling transfer
- * Partnership between the city, Town of Prescott Valley and SRP
- * Monitoring and modeling Committees
- * \$5.6 million initial budget
- * SRP - 1/3 split cost and City of Prescott/Town of Prescott Valley 2/3 cost
- * Ahead for 2026 - completion of the model and scenario analysis

Long-Term Water Management Plan:

- * Components - supplies/demands, demand management, aquifer modeling, alternative supplies
- * Procedure - evaluate options, develop alternatives, model scenarios
- * Objectives - better management tools, advise water policy and clear recommendations, lay the foundation for future work

Gila Adjudication:

- * Legal process to formally define water rights
- * Procedural and long-term
- * Parts of the Prescott water system are located in the Upper Verde River Watershed
- * Addresses how surface water and closely connected groundwater sub-flow are connected
- * Rulings could affect future water rights claims or new wells near surface waters
- * Prescott is currently - reviewing statement of claimants, monitoring court activity, and coordinating with the city legal department/external legal counsel

Councilman Garing asked if this would affect the Big Chino.

City Attorney Joseph Young responded that it would not at this moment, but there are a lot of open questions because of the modeling and understanding how the Big Chino interacts with the water supply.

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

4. ADJOURNMENT

There being no further business to discuss, Mayor Rusing adjourned the meeting at 3:15 p.m.

Cathey Rusing

CATHEY RUSING, Mayor

ATTEST:

Sarah M. Thornhill

SARAH M. THORNHILL, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Voting Meeting of the City Council Voting Meeting of the City of Prescott, Arizona held on February 17, 2026. I further certify the meeting was duly called and held and that a quorum was present.

Sarah M. Thornhill

Sarah M. Thornhill, City Clerk

