

City of Prescott
Council Subcommittee on Water Issues



March 3, 2026 | 9:30 AM
201 N Montezuma Street
Council Chambers, 1st Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

Chair Rusing called the meeting to order at 9:31 a.m.

2. ROLL CALL

Chair Rusing
Member Fruhwirth
Member Garing

3. DISCUSSION & ACTION ITEMS

A. Approval of the February 3, 2026 Council Subcommittee on Water Issues Meeting Minutes.

MOTION BY MEMBER FRUHWIRTH TO APPROVE FEBRUARY 3, 2026 MINUTES; SECONDED BY CHAIR RUSING: PASSED (3 - 0)

B. Presentation & Discussion Regarding the 2022 Amended Water Management Policy - Current Residential & Non-Residential Water Budget Overview for January 1, 2026, through February 23, 2026.

Water Resource Manager Brian Ruiz presented an update regarding the current residential and non-residential water budgets, including projects approved between January 1, 2026, and February 23, 2026. Under the Amended 2022 Water Policy, Guidelines 11–13, a semi-annual water budget was established for residential and non-residential projects. For the period of January 1, 2026, through June 30, 2026, the allocated budget is 25 acre-feet per year for residential projects and 25 acre-feet per year for non-residential projects. Between January 1, 2026, and February 23, 2026, no new residential projects were approved administratively or by Council pursuant to Water Policy Guideline 2. As a result, the full residential allocation of 25 acre-feet per year remains available. During the same period, five new non-residential projects were approved administratively under Water Policy Guideline 2, totaling 0.72 acre-feet per year of water use. The remaining non-residential water budget is 24.28 acre-feet per year. One new project was approved under an existing contract during this timeframe. The project consists of a new single-family home located within the Forest Ridge at Hassayampa subdivision. Pursuant to Guideline 9, projects under existing contracts are not counted toward the water budget and are provided for reference only. Chair Rusing asked for clarification on the water calculation for the school expansion.

Member Garing asked if an effort has been made to track water after projects

are approved.

Mr. Ruiz confirmed and added that information is updated annually in the Water Resource Management Model (WRMM).

This item was for discussion only. No formal action was taken.

- C. **WSA25-037:** A Water Service Application Submitted by, James R Griset. Location: 136, 138, and 140 Montezuma Street, APN 109-02-014A.

Mr. Ruiz presented WSA25-037 for review. The application is for a proposed 47-unit hotel project located at 136, 138, and 140 Montezuma Street. No formal planning application is required for this project under the Land Development Code. The application materials include a basic site plan and vicinity map identifying the proposed footprint and location of the development. City staff prepared a demand analysis using non-residential water multipliers from the Water Resources Management Model (WRMM). The proposed development consists of a four-story hotel with 47 rooms, a lobby bar, a fourth-floor terrace bar, and a ballroom/meeting room. Based on comparable hotel and amenity demand factors within the WRMM, the estimated water demand for the project is 5.6 acre-feet per year. The project does not include a landscape component, and historical usage for the site per the WRMM is 0.1 acre-feet per year. The total net demand for the application was therefore calculated at 5.5 acre-feet per year.

Chair Rusing invited the applicant to speak.

Applicant Doug Stroh explained that the hotel will have two bars and a kitchen that will serve prepackaged, bar-style food heated in TurboChef-type ovens rather than traditional cooking. He noted there is no natural gas on site and that only a possible ventless hood may be needed for steam from ovens.

MOTION BY MEMBER FRUHWIRTH TO RECOMMEND FORWARDING WSA25-037 TO COUNCIL FOR APPROVAL; SECONDED BY CHAIR RUSING: PASSED (1 - 1 - 1) MEMBER GARING DISSENTING, CHAIR RUSING ABSTAINING

- D. **WSA26-005:** A Water Service Application Submitted by Woda Cooper Development, INC. Location: Between Lakeview Plaza Lane & Mogollon Road South of Willow Creek Road, a Portion of APN 106-20-509,508,507A,506A

Mr. Ruiz presented Water Service Application (WSA26-005) for review. The application is for a proposed 82-unit multifamily development located between Lakeview Plaza Lane and Mogollon Road, south of Willow Creek Road. No formal planning application is required under the Land Development Code. The application materials include a basic site plan and vicinity map identifying the proposed footprint and location of the project. City staff prepared a demand analysis using residential water multipliers from the Water Resources Management Model (WRMM). The proposed development consists of 82 multifamily units and a parking lot with landscaped buffer areas. Using the WRMM multifamily average water use rate of 0.12 acre-feet per unit per year, the estimated indoor demand for the residential units is 9.8 acre-feet per year.

The project includes approximately one acre of landscaped area. Applying the Arizona Department of Water Resources (ADWR) guideline of 1.5 acre-feet per year for low-water-use plants, the estimated outdoor irrigation demand is 1.5 acre-feet per year. The total estimated water demand for the project is 11.3 acre-feet per year.

Member Fruhwirth asked if the property will have management on site.

Architect and Lakeview Plaza representative Michael Taylor responded he does not have that answer, and added that the project was previously presented to the Subcommittee in November 2023 and approved for 90 units, but the approval expired after a development agreement could not be finalized. The applicant has returned with a similar proposal for 82 units, reflecting adjustments made during further design. The project is intended to provide workforce or more affordable housing. The previous proposal was approved unanimously by both the Subcommittee and City Council.

Member Fruhwirth asked for clarification on the "integrated clubhouse".

Mr. Taylor responded it will be within the structure, final location within the building has not been indicated yet.

Chair Rusing asked if there is a stormwater runoff plan.

Mr. Taylor said that the site is served by regional stormwater detention infrastructure within Lakeview Plaza, including large underground drainage tubes installed at a cost of approximately \$5 million. This system is designed to manage runoff for the broader development and address drainage concerns on the site.

Member Garing questioned the possibility of requiring xeriscape style landscaping to minimize irrigation after plant establishment. He suggested looking into adding that to the water policy in the future.

Chair Rusing agreed.

Mr. Ruiz added that as part of long-term water management planning, the city is evaluating several demand management strategies, including potential code revisions related to landscaping and outdoor water use. Staff recommendations will be brought forward together as part of a coordinated set of code updates based on the long-term water management plan.

Member Fruhwirth asked whether the Subcommittee could approve water for the project based on the unit demand while delaying a final water allocation decision until potential landscaping policy changes are adopted.

Mr. Taylor requested that the project be reviewed under the current code while remaining open to participating in future discussions if landscaping or water-use policies change. He noted that design work will begin soon, though construction may not occur for about a year. He also stated that landscaping water use

represents a relatively small portion of the project's overall water demand, so even significant reductions would have a limited impact on total usage.

MOTION BY CHAIR RUSING TO RECOMMEND FORWARDING WSA26-005 TO COUNCIL FOR APPROVAL; SECONDED BY MEMBER GARING: PASSED (3 - 0)

- E. **WSA26-002:** Water Service Application Submitted by Commerce Construction Co, LP. Location: State Route 89 and Jenna Lane, APN 102-05-033H.

Mr. Ruiz presented WSA26-002 for review. The application is for a ±371,000 square-foot commercial development located within the Deep Well Ranch Master Plan area at the intersection of State Route 89 and Jenna Lane. No formal planning application is required under the Land Development Code. The application materials include a basic site plan and vicinity map showing the proposed footprint and location of the project. City staff prepared a demand analysis using non-residential water multipliers from the Water Resources Management Model (WRMM). The proposed development includes multiple large, medium, and small buildings intended for retail shops, restaurants, banking, and other uses typically associated with large regional shopping centers. Using comparable commercial building demand factors from the WRMM, the total estimated indoor building demand is 20.3 acre-feet per year. The site plan identifies approximately 5.1 acres of landscaped area. Applying the Arizona Department of Water Resources (ADWR) guideline of 1.5 acre-feet per year for low-water-use plants, the estimated outdoor irrigation demand is 7.6 acre-feet per year. The total estimated water demand for the project is 27.9 acre-feet per year. Per Water Policy Guideline 14, no single WSA may be approved for water usage estimates greater than 50% of the remaining semi-annual Water Budget. Projects requesting more than 50% of the remaining budget may: a. File a WSA application to be considered when the next Water Budget becomes available; or b. Appeal the 50% rule by demonstrating benefits to the City, such as job creation, wages, sales tax generation, economic impact, or other community benefits. Appeals are reviewed by the Water Issues Subcommittee and City Council. If City Council grants the appeal, the amount of water approved would be included in the annual water assessment to Council. The applicant has requested an appeal of the 50% rule. A development benefits letter prepared by the applicant was included as Attachment 4 for review.

Chair Rusing asked what the large green area is on the plat map.

Commerce Construction representative Jim Hardison clarified that the green area on the plan is a catch basin.

Member Fruhwirth asked for clarification on the landscape plans.

Mr. Hardison responded that they will follow the City Code and the Deep Well Ranch Masterplan guidelines with regard to landscaping. Keeping project costs down will also encourage them to keep landscaping costs minimal and leave natural areas as is where they can.

Chair Rusing added it is a good idea to add greenery and trees due to the large

parking lot becoming a heat island. She asked for more information on the plan for the shopping center in North Prescott.

Majestic Realty (Commerce Construction parent company) representative Tom Cozzolino described the project as an open-air power center with national and regional big-box tenants, along with a district of smaller shops and restaurants designed for social and leisure activities. Economic benefits were projected to include approximately \$4 million in sales tax, about \$580,000 in property tax, and around 800 permanent jobs. Mr. Cozzolino indicated that, following the entitlement process, the project is expected to take roughly two to three years to complete, depending on tenant and construction timelines.

Chair Rusing commented that shopping is needed in that area and will be an asset. Decided not to widen Hwy 89 hoping services would one day be available in North Prescott and people wouldn't have to drive through the Dells.

Member Garing asked whether the appeal allows the Council to impose a requirement that would not normally be allowed under the code.

Ms. Moore responded that no, the appeal does not allow that. The appeal simply provides additional considerations for review when deciding whether to grant the Water Service Agreement (WSA)

MOTION BY MAYOR PRO TEM FRUHWIRTH TO RECOMMEND FORWARDING WSA26-002 TO COUNCIL FOR APPROVAL; SECONDED BY CHAIR RUSING: PASSED (3 - 0)

- F. Presentation & Discussion Regarding Potential Revisions to City Code Section 2-1-8 Regarding Sewer Requirements for Water Service.

Mr. Ruiz presented a potential amendment to City Code 2-1-8 to remove the sewer connection requirement for single-family residential water service outside City limits under specific circumstances. City Code 2-1-8 establishes statutory provisions for providing City water service outside City limits. Currently, Section C.1.b allows one single-family dwelling unit on a parcel provided it connects to both a City water main and a City sewer main. However, sewer infrastructure is limited in many outlying subdivisions where water service was historically extended without the contemplation of sewer line extensions. Each year, staff receive numerous inquiries from property owners outside City limits whose parcels are adjacent to existing City waterlines but are not located near feasible sewer connections. Under the current code, these parcels are ineligible for water service despite many similarly situated homes within the same subdivisions already receiving City water.

Chair Rusing clarified that there are two boundaries related to water service—the city limits and the water service area—and noted that community members may not be aware of the distinction. She commended City staff for preparing the map presented and stated that the issue is overdue and it is time to address the situation.

Mr. Ruiz explained that the proposed revision would create an additional exemption allowing water service without sewer connection for parcels that are adjacent to an existing City waterline at the time of the code revision. To implement and track the exemption, the city would create a GIS layer identifying eligible parcels and ensuring that new lots are not created that would increase water use beyond the proposed allocation. Staff identified 164 parcels that would qualify under the new exemption. The city would set aside 28 acre-feet per year within its water portfolio to accommodate eventual service to these lots. Of the 164 parcels, 41 parcels are already included as committed demand within the City's current Designation of Assured Water Supply (DAWS), and approximately 7 acre-feet of the 28 acre-feet is already accounted for as committed demand. The new net water being set aside is approximately 20 acre-feet per year. He explained the proposed eligibility. One single-family home outside city limits may connect to city water if the property is next to an existing city waterline, adequate water pressure and supply are available, the owner pays for required infrastructure, permits, and impact fees, and any existing well is properly abandoned through ADWR. The benefits to the city would include impact fee revenue, a 30% surcharge above in-city water rates, encourage conservation through tiered rates, increase groundwater allowance by eliminating private wells, reduce staff time handling individual requests, and improve long-term water management by formally accounting for the service obligation.

Member Garing asked for clarification on which lots are not in the water service area, and asked if a water main extension is required does the applicant pay for that.

Mr. Ruiz clarified and confirmed that yes, the applicant will pay those costs. It may make sense to work with neighbors to bring water and sewer to share cost.

Member Fruhwirth commented that the Subcommittee had this same discussion six months ago and gave direction and feels there have been no changes other than Subcommittee members. She feels it is politics, not policy.

Chair Rusing said it does not hurt to revisit the issue.

Mr. Ruiz commented that refinements have been made since the discussion six months ago.

Member of the public David Shingledeker addressed the Subcommittee as the HOA president of Vista Del Cerro, he stated that several lots in the 40-year-old community have water lines and service connections installed but were recently told they cannot receive city water do to no sewer connection available. He said this has impacted property sales and development, and some lots cannot use wells or septic systems, leaving them with little value. He expressed support for the Water Department's proposed solution and asked the Subcommittee to consider it.

Member of the public Debbie Avila addressed the Subcommittee as a realtor who works and lives in the area. She stated that she has two of the lots listed

that are affected by the current situation and was not previously aware of the issue in Jackson Acres. She expressed appreciation to the Subcommittee reviewing the matter and noted that water lines are currently close to the lots.

Member of the public Kelsey Secor addressed the Subcommittee as a lifelong Prescott resident who is directly impacted by this issue. She stated that the application of the current policies has left her family with no practical path forward to complete their home. They are the last lot in the subdivision without water, and were told they cannot have city water without city sewer at an estimated cost of \$200,000. They drilled a well to 700 feet and found no viable water supply. The last option is to haul water from the city water station. Asking for a thoughtful amendment that is logical and beneficial for the city and residents. Requested recommendation to Council.

Member of the public Larry Fagan addressed the Subcommittee stating that his father, the area's developer, worked hard to provide sewers, but practical limitations prevented it, and some sales failed when buyers learned lots were on septic systems. The city had intended all lots to have water, installing mains and meters, though some owners remain unaware they can't connect. While requiring sewers makes sense, proactive enforcement caused unintended issues for certain lots. He thanked the city and Subcommittee for addressing the problem and encouraged approval of the proposed revision, which he believes fairly resolves most cases.

Member of the public Amy Hitt addressed the Subcommittee as a Prescott broker who represents a seller of 60 Granite Gardens lots, 15 of which have already sold. Sales were made assuming access to city water and sewer, though some lots faced unclear connection requirements. She highlighted specific lots ready for development and emphasized that new homes would enhance the area's value. She expressed concern about legal implications of inaccurate public reports submitted unknowingly and urged the city to ensure lot owners can access their water rights, allowing honest buyers to build homes and contribute positively to the community.

Member of the public Sarah Rose Webber addressed the Subcommittee as a lot owner in Granite Gardens. They purchased the property in January to build a home for their family, and before closing, the city confirmed water was available, so learning about the current water issues was concerning. They strongly support the proposed resolution, as it provides certainty for the community and property owners, helping current and future buyers understand water access. She urges the committee to approve it.

Member of the public Ron Clark addressed the Subcommittee as a Vista del Cerro resident and former board member, he thanked the water department for their quick response to a recent line break. He believes a water agreement originally existed and warns that not extending water to some lots could have serious consequences. Without water, lot owners may abandon properties, leaving brush unmanaged, which increases fire risk and bark beetle infestations that threaten the whole community. He invited Council Members to visit and urged consideration of water access for safety and proper community

management.

Member Garing commented that this is not perfect, but a step in the right direction, but just one step in a series of steps needed to implement rules, regulations and incentives on future sewer extensions to recover valuable wastewater.

Chair Rusing added that these lots have existed for a long time, and some original paperwork is lost or unrecorded. The intent was always to provide water, but older subdivisions were never designed for sewer. Requiring sewer now creates unfair situations between neighbors on septic systems. Buyers acted in good faith, and while the proposed solution isn't perfect, it addresses most lots. They thanked Mr. Ruiz and the water resource department for developing a workable resolution.

MOTION BY CHAIR RUSING TO RECOMMEND FORWARDING REVISION OF CITY CODE 2-1-8 TO COUNCIL FOR APPROVAL; SECONDED BY MEMBER GARING. PASSED (2-1) MEMBER FRUHWIRTH DISSENTING

4. ADJOURNMENT

There being no further business to discuss, Chair Rusing adjourned the meeting at 11:05 a.m.

Cathey Rusing

CATHEY RUSING, Mayor

ATTEST:

Torey Dawson

Torey Dawson, Deputy City Clerk