



CITY COUNCIL MEETING

STUDY SESSION MEETING AGENDA

TUESDAY, JULY 25, 2017, 1:00 PM

Council Chambers, 201 South Cortez Street
Prescott AZ 86303
(928) 777-1100

Harry Oberg, Mayor	
Jim Lamerson, Mayor Pro Tem	Billie Orr, Councilwoman
Steve Blair, Councilman	Steve Sischka, Councilman
Greg Lazzell, Councilman	Jean Wilcox, Councilwoman

The following Agenda will be considered by the Prescott **City Council** at its **Study Session Meeting** pursuant to the Prescott City Charter, Article II, Section 13. Notice of the meeting is given pursuant to Arizona Revised Statutes, Section 38-431.02. One or more members of the Council may be attending the meeting through the use of a technological device

1. CALL TO ORDER

2. ROLL CALL

3. DISCUSSION

- A. Discuss Possible Creation of an Entertainment District within the Prescott Downtown, Pursuant to A.R.S. Section 4-207 (D) (2)
- B. Rainwater Harvesting Policy
- C. General discussion of the City Charter

4. ADJOURNMENT

EXECUTIVE SESSION

Upon a public majority vote of a quorum of the City Council, the Council 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:

- (I) Discussion or consideration of personnel matters (A.R.S. §38-431.03(A)(1));
- (II) Discussion or consideration of records exempt by law (A.R.S. §38-431.03(A)(2));
- (III) Discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03(A)(3));
- (IV) 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));
- (V) 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));
 - (VI) 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));
 - (VII) 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)).

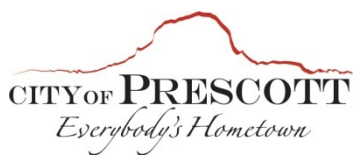
Confidentiality

Arizona statute precludes any person receiving executive session information from disclosing that information except as allowed by law. A.R.S. §38-431.03(F). Each violation of this statute is subject to a civil penalty not to exceed \$500, plus court costs and attorneys' fees. This penalty is assessed against the person who violates this statute or who knowingly aids, agrees to aid or attempts to aid another person in violating this article. The city is precluded from expending any public monies to employ or retain legal counsel to provide legal services or representation to the public body or any of its officers in any legal action commenced for violation of the statute unless City Council takes a legal action at a properly noticed open meeting to approve of such expenditures prior to incurring any such obligation or indebtedness. A.R.S. §38-431.07(A)(B).

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on _____ at _____ m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

Maureen Scott, MMC, City Clerk



COUNCIL AGENDA MEMO

MEETING DATE/TYPE: **STUDY SESSION MEETING** **7-25-17**

DEPARTMENT: **City Manager**

AGENDA ITEM: Discuss Possible Creation of an Entertainment District within the Prescott Downtown, Pursuant to A.R.S. Section 4-207 (D) (2)

Approved By: Michael Lamar, City Manager

Item Summary

This request is for the adoption of a resolution creating an Entertainment District within the Prescott downtown area pursuant to A.R.S. Section 4-207(D) (2).

Background

A.R.S. Section 4-207(D)(2) defines an Entertainment District as “a specific contiguous area that is designated an entertainment district by resolution adopted by the governing body of a city or town, that consists of no more than one square mile, that is less than one-eighth of a mile in width and that contains a significant number of entertainment, artistic and cultural venues, including music halls, concert facilities, theaters, arenas, stadiums, museums, studios, galleries, restaurants, bars and other related facilities.”

Specifically, an Entertainment District will give the City of Prescott the flexibility to recommend approval of certain establishments governed by Arizona liquor licensing laws that are located within 300 feet of a church or school, on a case-by-case basis. (See A.R.S. Section 4-207(A) & (C)(4))

The creation of the district will aid new and existing businesses in site selection by greatly expanding the options available to them. The district will also aid economic development outreach to prospective new businesses by highlighting the broad range of entertainment choices existing in Prescott’s downtown core.

This supports the direction of the General Plan, which was ratified by an eighty percent (80%) of the City of Prescott voters in 2015. Specifically, Strategy 1.4: “Consider the creation of a Culture, Arts, and Entertainment District which encompasses historic venues in the Downtown.”

Financial Impact

There is no direct or immediate financial impact to the City. However, the creation of the district will aid new and existing businesses in site selection by greatly expanding the options available to them. The district will also aid economic development outreach

AGENDA ITEM: Discuss Possible Creation of an Entertainment District within the Prescott Downtown, Pursuant to A.R.S. Section 4-207 (D) (2)

to prospective new businesses by highlighting the broad range of entertainment choices existing in Prescott's downtown core.

Attachments

Entertainment District Map

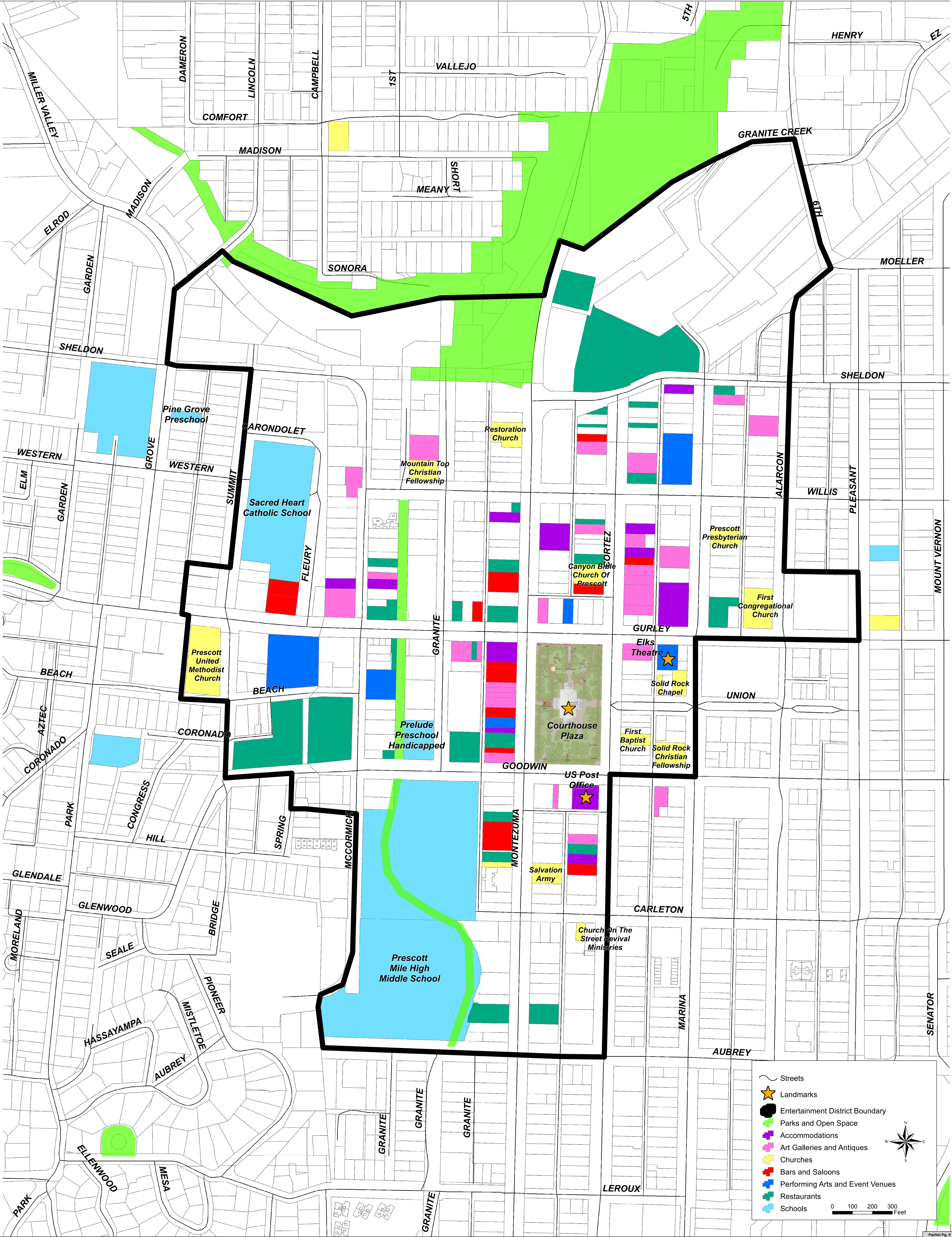
Attachments

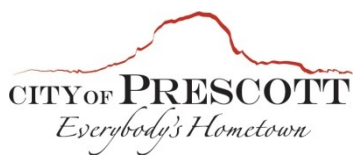
1. Preliminary Draft Entertainment District

Recommended Action: This Item is for Council Discussion Only at This Time

City Of Prescott

Preliminary Draft Entertainment District



**COUNCIL AGENDA MEMO**

MEETING DATE/TYPE: **STUDY SESSION MEETING** **7-25-17**

DEPARTMENT: **Water Resources**

AGENDA ITEM: Rainwater Harvesting Policy

Approved By: Michael Lamar, City Manager

Item Summary

This item is for a brief presentation regarding rainwater harvesting and associated City policy, followed by Council discussion and public input. On July 5, 2017, the Council Water Issues Committee voted to forward the report of the Water Resource Management Division on the subject, which follows, to the City Council, for Study Session dialogue.

Background

At their Voting Meeting of May 9, 2017, the Council adopted Resolution No. 4380-1589, amending the "Water Management and Calendar Year 2017 Alternative Water Allocation Policy." The resolution included the following direction regarding rainwater harvesting:

Section 3 THAT the Water Resource Management Division shall conduct additional research, engage appropriate stakeholders and experts, and report to the Council Water Issues Committee, and said Committee shall provide a recommendation and/or alternatives to the Council within sixty (60) days of the date hereof, for further consideration of rainwater harvesting as it relates to unit allocations for residential development.

Prior to the May 9, 2017, meeting, rainwater harvesting was discussed at two other Council meetings, April 25, 2017, and September 13, 2016. At the Study Session of April 25, 2017, several Council members expressed an interest in recognizing the contribution rainwater harvesting can make in reducing outdoor potable water use by offering, as an additional incentive, a lesser unit allocation (enabling more units per acre-foot of alternative water) for residences built with qualifying installations. As stated then, the subject was previously raised by the Council Water Issues Committee, at which time the Water Resource Management Division recommended the following:

AGENDA ITEM: Rainwater Harvesting Policy

Rainwater harvesting – Water-Efficient Residential Development, as described herein, relies upon EPA WaterSense® best practices, including outdoor (landscaping) improvements. No specific consideration is proposed for rainwater harvesting as a means of reducing potable outdoor water use; however, it should be noted that the City offers a conservation rebate for installing qualifying storage (<http://www.waterrebates.com/az-prescott>), and the homeowner will benefit from recurring savings on their water bill.

Concerns were expressed at the April 25, 2017, Study Session regarding offering a lesser unit allocation as suggested: to what type(s) of rainwater harvesting the incentive would apply (barrels, above or below-ground cisterns), how to determine the reduction quantity (the fraction of an acre-foot offset in potable water use provided by the rainwater harvesting), whether the rainwater harvesting equipment would be properly maintained, sediment removed, etc., and consistently used in the long-term future. Additionally, it was pointed out that to the extent a property with rainwater harvesting is more extensively landscaped to take advantage of that irrigation source, in years of drought, if the rainwater harvesting storage/replenishment is insufficient to properly sustain the landscaping, it is conceivable that an increase in potable water could actually result.

At the September 13, 2016, Voting Meeting, a representative of Dorn Homes addressed questions about the Antelope Crossing subdivision preliminary plat, a workforce housing project. Councilman Blair spoke on the benefit of rainwater harvesting, and asked if the developer would consider installing two rainwater cistern systems per house. The Dorn Homes representative said he was willing to consider that, and would work with the Citizens Water Advocacy Group (CWAG) and the City. Councilwoman Wilcox moved to approve preliminary plat PP16-001 for Antelope Crossing with the additional requirement that rainwater harvesting systems be built with each residence. The action subsequently passed.

In consideration of the Council action and direction of Resolution No. 4380-1589, Water Resource Management has further addressed the topic including: (1) review of City data related to rainwater harvesting; (2) compilation of stakeholder input; and (3) evaluation of the US EPA document titled, *Rainwater Harvesting, Conservation, Credits, Codes, and Cost Literature Review and Case Studies*, for information and applicability.

Rainwater Harvesting Rebates

In 2009, the City included rainwater harvesting as a rebate opportunity within the Water Conservation Incentive Program (Resolution No. 4691-0934). In September 2016, the rebate for rainwater harvesting was increased by City Council action (Ordinance No. 5002-1540). The City also migrated its rebate program data from spreadsheets and paper applications into an efficient database (WaterWays) in 2016, to improve customer service and administration. According to WaterWays, since 2009, 52 customers have received the rainwater harvesting rebate (see Figures 1 and 2 below).

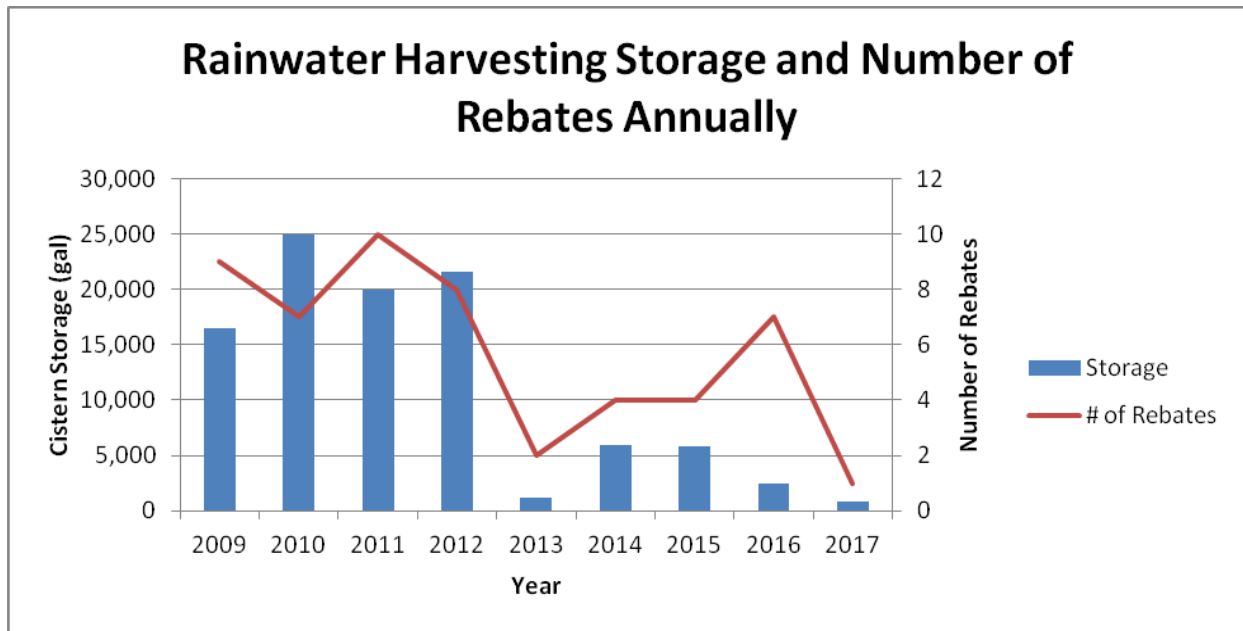
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Figure 1: Rainwater harvesting storage and the number of rebates per year.

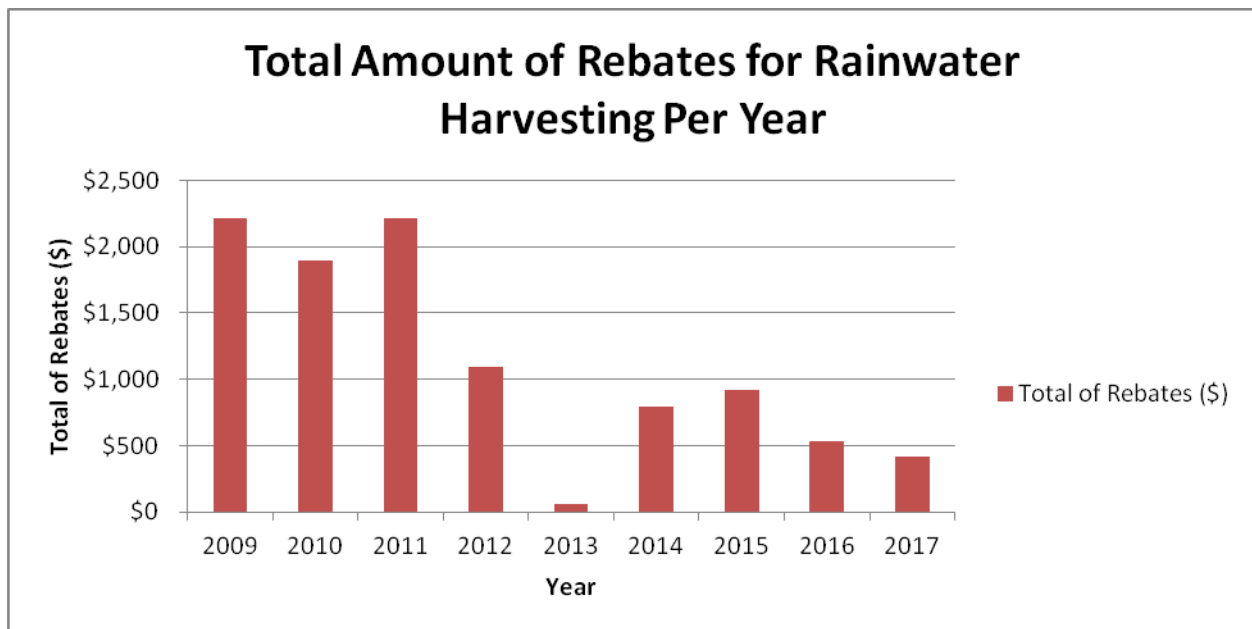


Figure 2: Rainwater harvesting monetary rebates to City of Prescott water customers (the rebate was increased from \$0.10/gal to \$0.50/gal on September 13, 2016, by Ordinance No. 5002-1540)

Stakeholder Input

A questionnaire was sent to three stakeholders to gain their perspectives on rainwater harvesting: an advocacy group (#1), developer (#2), and landscape architect (#3). Table 1 provides the survey questions and responses.

Table 1			
Question	Stakeholder Responses		
	#1	#2	#3

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Are you familiar with the City's Water Conservation Rebate Program, which offers a Rainwater Harvesting Rebate of \$0.50/gal of storage? The rebate is added as a credit on the user's water bill.	Yes	Yes	Yes
Considering the City's tiered water rate structure, and the increasing popularity and installation of xeriscaped residences, do you believe that Rainwater Harvesting would be of specific, significant, and continuous benefit to new development?	Yes	Yes	No
Did you install or implement additional landscaping to take advantage of the water stored and made available by a Rainwater Harvesting system?	No	Yes	No
If you have a Rainwater Harvesting System, in years of drought would you rely upon City potable water to sustain your landscaping?	Yes ¹	Yes	Yes ¹
Should the city set aside less water for each new home built that has a rainwater harvesting system, but charge more for the water used in excess of the lower quantity that was set aside?	No	Yes	Yes

¹Stakeholder responded "NA" (not applicable) to a previous question, "If you have a Rainwater Harvesting cistern, do you maintain the catchment, storage, and delivery system?"

The stakeholders also had the opportunity to provide comments supplemental to the questionnaire. Table 2 is a compilation of that input.

Table 2: Additional Stakeholder Comments	
Monthly water bills should be lower if folks use rainwater harvesting instead of pumping groundwater	A legitimate concern is customers relying on City potable water to sustain landscaping in times of drought. Education on how, why, and when to use rainwater harvesting is important.
Promote rainwater harvesting for new and existing homes because: it attracts the public, leads to more interest in xeriscaping, possibly already has lowered the use of rainwater in Prescott.	If a lower water allocation was rewarded, homeowners may invest in a high-water use landscape, and the excess water use will be unpredictable.
Give incentives for creation of rain gardens, storm-water slowing & green infrastructure, wetlands and other habitat creation, native & low water landscape etc.	Rainwater harvesting needs to be coordinated project by project. It can be expensive to install systems large enough to have a meaningful impact on a water budget.
Potable water could potentially be reduced.	Rainwater harvesting can be an eye sore on neighborhoods.
Size of storage tanks to support landscaping through the drier months would be too large for most home developments.	Tighter housing density makes rainwater harvesting a challenge.
Overflow could cause warranty issues with customers and have an effect of drainage on the lots.	

Analysis of Rainwater Harvesting at the National Level

The US EPA compiled a document, *Rainwater Harvesting, Conservation, Credits, Codes, and Cost Literature Review and Case Studies* (January 2013), for the purpose of reviewing the existing literature in four key areas related to rainwater harvesting:

AGENDA ITEM: Rainwater Harvesting Policy

water conservation, stormwater runoff volume and pollution load reduction, code and administration, and cost factors. These topics were further reviewed based on technical, operation and maintenance, programmatic, and predictability merits. The following statements were excerpted from the water conservation section:

- "...the potential for water conservation...varies significantly with factors such as climate, land use, and development type."
- "The water conservation performance of active systems is significantly better than that of passive systems (e.g., rain barrels) due to two primary factors: storage and delivery systems."
- "In general, passive systems (e.g., rain barrels) require only minor maintenance at little or no cost to the system owner. The City and County of San Francisco, CA, lists some basic guidelines for rain barrel maintenance in a 2008 Memorandum of Understanding between the San Francisco Public Utilities Commission, Department of Building Inspection, and Department of Public Health. "
- "There are currently no federal regulations governing rainwater harvesting for non-potable use, and the policies and regulation enacted at the state and local levels vary widely from one location to another. Regulations are particularly fragmented with regard to water conservation, as the permissible uses for harvested water tend to vary depending on the climate and reliability of the water supply."
- "...the efficiency of a rainwater harvesting system for conserving water depends largely on the ability to balance water demands with the supply provided by regional precipitation."

The complete EPA document is available online at the following link:

www.epa.gov/sites/production/files/2015-11/documents/rainharvesting.pdf

The closing sections of the document, Considerations Requiring Additional Research, and Summary and Recommendations, are provided as Attachment 1 hereto.

Findings of the Water Resource Management (WRM) Division

Based upon the research and evaluation performed and summarized herein, pertinent regulations of the Prescott Active Management Area (PrAMA), and stakeholder input, the following findings are provided by Water Resource Management.

1. Participation by existing City water customers in the rainwater harvesting conservation rebate program (and hence conservation savings, if any) has been minimal to date (not more than 10 rebates in any one year as compared to 21,300 residential water customers).
2. It is arguable that the creation of new rainwater harvesting incentives for new subdivisions, even when accompanied by a public education program, will not bring significant potable water savings, and at best would be premature:
 - Most of the new housing units will be built as "Water-Efficient Residential Development," defined in the "Water Management

AGENDA ITEM: Rainwater Harvesting Policy

and Calendar Year 2017 Alternative Water Allocation Policy" (as amended, Resolution No. 4380-1589, May 9, 2017). As it pertains to potable water, a primary focus of this type of development is already reduction of outdoor water use through xeriscaping.

- There is no data suggesting the buyers of new homes want rainwater harvesting systems, they (and their successors in ownership) are prepared to operate them, and will in fact do so—the Prescott demographic, an older population, is more often seeking lifestyle simplification, including reduced yard and landscaping maintenance.
 - The placement of storage basins on smaller lots (with narrow side-yards enclosed by walls, e.g., Antelope Crossing) is problematic.
 - To the extent a property with rainwater harvesting is more extensively landscaped to take advantage of that irrigation source, in years of drought, if the rainwater harvesting storage/replenishment is insufficient to sustain the landscaping, as has been the case observed throughout the City, an increase in potable water would undoubtedly result to protect the landscaping investment.
 - On-site inspections of any type after conservations measures are installed to assure compliance/operability would require adding personnel and associated expenses, and should be avoided.
3. It would be prudent to track water usage and assess the recent policy change for "Water-Efficient Residential Development" unit allocations before considering creating another (even lower) unit allocation for development providing rainwater harvesting, and/or a lower water rate recognizing the same. The Antelope Crossing subdivision will provide useful information regarding public perception, implementation, homeowner usage/acceptance of rainwater harvesting, and determination whether it is actually causing a reduction in outdoor water use.
 4. Continuing to offer a rainwater harvesting rebate to the owners of occupied residences, both new and those built in past years, will provide a means for reducing outdoor water use, and lowering water bills.

Attachments

1. Excerpt from US EPA Rainwater Harvesting, Conservation, Credits, Codes, and Cost Literature Review and Case Studies (January 2013)

Recommended Action: No formal action at this time; revisit City policy when one (1) full year of data is available at 50% buildout of the Antelope Crossing subdivision.

Attachment 1

US EPA Rainwater Harvesting Publication (excerpt, 2013)

3. CONSIDERATIONS REQUIRING ADDITIONAL RESEARCH

Although a significant number of research papers and regulatory policies have been developed with regard to rainwater harvesting and stormwater reuse, there are several aspects of rainwater harvesting which may benefit from additional research or policy discussion:

Economics of Rainwater Harvesting – Few cost-benefit analyses of rainwater harvesting systems have been published to date. An analysis assessing the sensitivity to various parameters, including demand, cistern size, and water rates could indicate which measures are most likely to see a quicker payback period, as well as potentially identifying thresholds for each parameter that make ROI's particularly attractive.

A more comprehensive cost-benefit analysis would consider a number of complicated technical and socio-economic factors in addition to the primary considerations noted above, including potential increases in property value and assignment of monetary value to energy savings and reduced environmental impacts. Such an analysis would need to be conducted for a range of climate conditions and development types to better inform decisions about Return on Investment (ROI) and the economic viability of the practice.

Human Health Risks – As discussed previously, many existing regulations already address cross connection and backflow prevention procedures to ensure separation of rainwater from the potable water supply. In most jurisdictions even rain barrels are required to be clearly labeled to reduce the risks of accidental ingestion. However, when it comes to requirements for treatment of harvested rainwater before use, little data is available to objectively assess the appropriate level of treatment needed for a given use and related human exposure. More detailed research regarding the health risks associated with ingestion of rainwater – and importantly, secondary exposures such as mists from irrigation system – and how these risks change depending on factors such as collection area, storage time, and filtration methods, may serve to inform future policy decisions about the acceptable treatment requirements and uses of harvested water as they relate to public health.

Regional and Climate Considerations – Rainfall patterns and climate conditions have a significant impact on the drivers and potential efficacy of rainwater harvesting. In arid areas of the United States, such as the Southwest, where rainfall occurs during a limited period of the year, water conservation and flood prevention may be primary drivers for stormwater capture and on-site use. Communities on the East Coast, however, may realize greater benefit from reduction of pollutant loads or mitigation of combined sewer overflows. A greater understanding of the regional factors associated with rainwater harvesting may help to shape policy decisions and encourage innovation to develop new technologies better suited to the needs and goals of a particular climate region.

Environmental and Ecological Impacts – Rainwater harvesting systems are an effective means for on-site stormwater management and are considered a Low Impact Development technique which helps to match the hydrology of developed land to the pre-development condition. Widespread use of this practice, however, particularly with indoor use of harvested water, may significantly alter the water balance of a site as compared to pre-development hydrology.

Additional research is needed to assess the potential for hydrologic and ecological impacts due to reductions in infiltration, evapotranspiration, and groundwater recharge associated with on-site use of harvested stormwater as compared to other stormwater management techniques.

4. SUMMARY AND RECOMMENDATIONS

This report summarizes the results of a literature review of the research and policy documents representing the current state of the practice in rainwater harvesting in the areas of water conservation, stormwater volume and pollutant load reduction, code, and administration and cost factors.

The key findings from this review and recommendations for future research are summarized below.

4.1 Findings

While the technical and maintenance aspects of rainwater harvesting in each of these topic areas have been well documented in state guidance manuals and other available research, relatively few states have published such manuals and many states have no clearly established regulations governing rainwater harvesting.

In many areas of the country, significant progress has been made at the municipal level to codify, permit, and incentivize the use of rainwater harvesting for both water conservation and stormwater management.

State and local codes addressing rainwater harvesting, while generally similar, tend to vary somewhat in the level of detail provided, particularly as related to cross-connection/backflow prevention requirements, treatment requirements, and associated acceptable uses of harvested water. Regulations addressing the use of rainwater harvesting as a stormwater BMP are generally better defined and more consistent from place to place.

At present, the most prominent driver for broad implementation of rainwater harvesting appears to be stormwater runoff and pollutant load reduction due to the regulatory and financial incentives offered by state environmental agencies and local stormwater utilities.

New control technologies enable the autonomous operation of such systems and provide an opportunity for improved performance of harvesting systems in stormwater control.

Although the water conservation benefits associated with harvesting systems are significant, the availability of low-cost centrally-supplied water throughout much of the United States and other developed countries mitigates the economic benefits associated with water conservation. For example, a 3,200-gallon cistern designed based on the WERF whole-life cost analysis tool to collect runoff for a 1-inch storm event on a 5,000 ft² roof collection area would have a total life cycle cost of about \$31,000 (net present value). Based solely on water conservation benefit (assuming an average municipal water cost of \$2.50 per 1,000 gallons), this system would require the tank to fill with rainwater and be completely drawn down over 3,800 times for payback to be achieved. Note that this payback period is based on the assumption of current average municipal water rates. As mentioned previously, increases in water rates or the implementation of block-based pricing may make rainwater harvesting more cost effective.

The absence of detailed, long-term cost-benefit analyses represents a significant gap in available research related to rainwater harvesting systems.

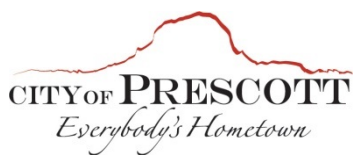
4.2 Recommendations

National standards, such as the GPMCS, may provide a guide for defining a minimum standard of care in the design of rainwater harvesting systems. If adopted by state and local governments, such codes may help to ensure a level of consistency in local codes across different locations.

A comprehensive cost-benefit analysis conducted for several different climate regions and development types, considering capital and maintenance costs, water rates, stormwater regulations and fees, property values, energy savings, and environmental impacts may provide useful insight into the economic viability of rainwater harvesting practices.

Development of full-cost pricing guidelines of centrally supplied water, including embedded energy-water attributes, will provide a basis of comparison for alternative water supplies such as harvesting systems.

More detailed investigations of human exposure paths and associated health risks, climate factors, and potential ecological impacts of rainwater harvesting are also recommended.

**COUNCIL AGENDA MEMO**

MEETING DATE/TYPE: **STUDY SESSION MEETING** **7-25-17**

DEPARTMENT: **Council**

AGENDA ITEM: General discussion of the City Charter

Approved By: Michael Lamar, City Manager

Item Summary: Per the request of Council members Greg Lazzell and Steve Blair this will be a general discussion on the Council's role within the City Charter.

Recommended Action: For Council discussion only.