

# AGENDA

**WATER ISSUES COMMITTEE  
NOTICE OF PUBLIC MEETING  
Tuesday, January 19, 2016**

**9:00 AM**

**Prescott City Hall  
Lower Level Conference Room  
201 South Cortez St.  
Prescott, Arizona 86303  
(928) 777-1100**

The following Agenda will be considered by the City of Prescott Water Issues Committee at its meeting on **Tuesday, January 19, 2016, at 9:00 a.m.** in the Lower Level Conference Room, 201 South Cortez Street, Prescott, Arizona. One or more members of the Committee may be attending this meeting through the use of a technological device.

A. Call to Order.

B. Roll Call.

**COUNCIL WATER ISSUES COMMITTEE MEMBERS:**

Chairman Jim Lamerson  
Member Steve Blair  
Member Steve Sischka

C. Approval of minutes of the December 29, 2015, Water Issues Committee meeting

D. Alternative Water Portfolio Update

E. Status of projects identified in Exhibit A to Resolution No. 4310-1519 and prioritization (Section 3)

F. Water Service Agreement Applications and Recommendations to the City Council

(1) No. 15-010, by James 110 Investments, LLC, for Walden Ranch, a 286 lot single-family Planned Area Development subdivision, APNs 106-01-005, 106-01-003X, and 102-06-005N

(2) No. 14-009 by Embry-Riddle Aeronautical University, a 66 unit residence hall, located at 3700 Willow Creek Road, APN 106-08-006

G. Other Water Service Agreements

(1) No. 15-014 by Diversified Development, LLC, for a 253 unit apartment complex, APNs 103-20-596K and 103-20-597C

H. Water associations - updates

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on 1/14/15 at 4:00 p. m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

Dana R. DeLong  
Dana R. DeLong, City Clerk

COUNCIL WATER ISSUES COMMITTEE  
REGULAR MEETING  
TUESDAY, DECEMBER 29, 2015  
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR MEETING OF COUNCIL WATER ISSUES COMMITTEE  
HELD ON DECEMBER 29, 2015, in the LOWER LEVEL CONFERENCE ROOM, located  
at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

A. Call to Order.

Chairman Lamerson called the meeting to order at 2:00 p.m.

B. Roll Call.

COUNCIL WATER ISSUES COMMITTEE MEMBERS:

Present:

Chairman Jim Lamerson  
Member Steve Blair  
Member Steve Sischka

Absent:

None

Staff Present:

Clyde Halstead, Assistant City Attorney  
Leslie Graser, Water Resources Manager  
Annikki Chamberlain, Water Resources Coordinator  
Tom Guice, Community Development Director  
George Worley, Planning Manager  
Kim Webb, Deputy City Clerk

C. Approval of minutes of the October 30, 2015, Water Issues Committee meeting

**MEMBER BLAIR MOVED TO APPROVE THE MINUTES OF OCTOBER 30, 2015,  
WATER ISSUES COMMITTEE MEETING; SECONDED BY CHAIRMAN LAMERSON;  
PASSED UNANIMOUSLY.**

D. Review of Alternative Water availability, requests, and processing pursuant to  
Resolution No. 4310-1519 adopted November 10, 2015

Leslie Graser, Water Resources Manager, showed a PowerPoint that included:

- Status of 2009 D&O Quantities

The portfolio consisted of 24,574.84 acre feet (AF) of water, broken down into groundwater, alternative water and additional alternative water, which was the Big Chino Water Ranch (BCWR). The Big Chino water was not available and was involved in an eight year process of monitoring and modeling.

Ms. Graser noted that the latest D&O quantified a certain volume of effluent. However, if the City did not have the volume from the Big Chino to the wastewater treatment plants, there would be a new limited supply. The 2007 projections were based on the plan to have BCWR connected in 2009.

Regarding the long-term storage credits, the City maintained permits with the state, where water from the wastewater treatment plant was sent to the recharge facility. If the water was not needed that year, it could be “banked” per state law.

- City Water allocation/reservation diagram

Ms. Graser showed a new diagram to the committee, which included supplies that had additional City policies.

- City of Prescott Water Portfolio

The portfolio was broken down into groundwater and alternative water.

The groundwater was set by statutes - how the water would be handled.

Chairman Lamerson reminded Ms. Graser that Member Sischka was new to the committee and asked her to explain substantial conformance.

Mr. Graser said the pre-1998 plats had to have a final plat in order to get groundwater. The preliminary plat and final plat had to be in substantial conformance or fairly similar, which consisted of five qualifications.

There was a discussion about use changes and the varying classifications of residential properties.

Ms. Graser continued with the discussion of the water portfolio and explained that the alternative water was allocated per City policies. She noted that reservations had been made that included: Chino Valley Irrigation District (CVID), vacant residentially-zoned lots within City limits, pre-existing/historical and the Deep Well.

Ms. Graser explained that from the alternative there was a policy for a general pool. She noted that a recent resolution, approved by Council, allowed for a temporary suspension because 100 AF were available, with approximately 300 AF of interest. She noted that the resolution did not affect the groundwater side of the portfolio.

Peter Kroopnick, citizen, said it was his understanding that there was no time limit on the 1998 platting. Ms. Graser said there were many nuances to the pre-1998 plats and once they had one in front of them, it would make more sense to dig into it. Since there was not one on the current agenda, she suggested holding off on the conversation.

Ms. Graser discussed Resolution 4310-1519 from November 10, 2015, which, effective November 3, 2015, the City temporarily suspended the acceptance of applications for alternative water for 90 days from the effective date of the Resolution with five exceptions: application that had already been received and were subject to current rules for administrative approval may proceed if all other requirements were satisfied, applications subject to the CVID intergovernmental agreement, commercial/industrial applications, for which the volume of water available from the 0.1 AF markup on residential allocations was to be determined and established as a separate bank for allocation purposes, and applications for which the City was contractually entitled to provide water.

Chairman Lamerson said he would like to cover water available in the alternative water portfolio.

Ms. Graser said there was a 300 AF block that had been supplemented by another 200 AF that were originally reserved for certain land in the city limits of Prescott, under its current zoning, that had the right to build. She noted that it was at 770 AF and went to 672 AF in 2009 and there had been little activity in that portion of the portfolio.

Chairman Lamerson said that in order to keep things functioning in the City, water was moving from a reservation to the general pool.

Ms. Graser said there was an enormous amount of activity in the general pool.

Chairman Lamerson asked what would happen if the Big Chino did not happen. He added that some of the privately owned property would never be built out due to the topography of the land. He said it was difficult to project water needs and make recommendations to Council. The general pool was challenged, which was why there was a temporary suspension, until the committee could get a better grip on the water demands and quantity.

E. Water Service Agreement Applications and Recommendations to the City Council

- (1) No. 15-015, by Eureka Apartments, LLC, for the remodel of an extended stay motel into an apartment complex at 1141 E. Gurley Street, APN 114-06-084A

Ms. Graser showed a general location map of the Eureka apartments, previously the Holiday Lodge on Gurley Street. She explained that the project had been through PAC and had a water service agreement written.

Tom Guice, Community Development Director, gave a general summary of the property. He noted that the property was built in 1935 as an extended stay motel. Additions had

been done in the 1950s, 1970s and 1980s. In 2010 there were enforcement actions by the City and the facility was closed in 2014. He noted there were 29 dwelling units at that time and the proposal was for 30 units, with the manager's office being turned into an apartment. There were 30 parking spaces with the old plan and 30 proposed spaces for the apartment project. It was a change of use from an extended stay motel to apartments and under non-grandfathered status of the land development code (LDC), additional parking would be required. However, there was a provision in the LDC regarding parking, which said buildings from pre-1968 did not need to provide additional on-site parking. The project was consistent with the LDC.

Chairman Lamerson asked about consumption of water for full-time occupancy compared to the consumption when the property was a motel. He asked if the projected consumption was within the realm of reality for 30 apartments.

Ms. Graser explained how staff came to the number of AF needed and said she felt the property was covered for 30 efficiency apartment.

Craig McConnell, City Manager, said it was a legal non-conforming use. In order for the plans to be approved and for the owner to have occupancy of 30 units, the developer needed 1.5 AF of additional water. If the City did not provide the additional water, he would have to lose 6 units. But, he would have the right, if they met all the codes to rehabilitate the 24 units into a new project.

Member Sischka asked if the City could require water efficient units. Mr. Guice said they had low-flush toilet requirements and they abandoned the pool and filling it in. Member Sischka asked if the committee was looking at an efficient 30 unit project that would be more efficient than the old 29 unit project.

Mr. McConnell said the project would not get the benefit of water efficiency, it was a code requirement. He added that there was talk about looking at how the City allocated water but, the City had been very conservative about water allocation.

Ms. Graser noted that there was a recommendation on the agenda item, that stated, "Committee recommendation to Council, A) Move to recommend approval of water service agreement application number 15-015 to the Council, or B) other motion to be determined by the committee.

Member Blair said he had no problem with the project.

Member Sischka said it was time to clean up the situation and approving the project would help.

Chairman Lamerson said the majority agreed to make a recommendation to the Council as a whole.

Leslie Hoy asked if the tenant would pay the water bill and if the individual units would be metered.

Chairman Lamerson said as the project moved through the planning process, that would be clarified, but it would not be discussed by the Water Committee.

Member Blair said the project should use underground cisterns to capture water off of the buildings to water the landscape. He said the City should ask if the developer would be willing to do water conservation measures.

Ms. Graser clarified that the recommendation of the committee was to move the item to Council. Chairman Lamerson said yes.

- (2) No. 15-006 by the Jason Orefice 2014 Trust and the Colleen Johnson 2010 Trust, for the remodel of a boarding house into an apartment complex at 223 E. Willis Street, APN 113-16-067

Ms. Graser showed a picture of the Orefice apartments on Willis and Alarcon Street.

Mr. Guice said the building was originally constructed as a single-family home in the early 1900's. It was converted to a boarding house and in 2010, and became a community residence with four units. The current proposal was to go from 4 units to 8 apartments. He said the property had non-conforming grandfathered status

Member Blair asked if the properties to the right of the project were individual apartments. Mr. Guice answered yes and added that the property across the street was also.

Chairman Lamerson said the project made sense to him.

Ms. Graser said the project fell in line with the policy in place.

The Committee moved to recommend the item to Council.

- (3) No. 15-010 by James 110 Investments, LLC, for Walden Ranch, a 286 lot single-family Planned Area Development on property currently known as Centerpointe South, located south of Centerpointe East and east of SR 89, APNs 106-01-005, 106-01-003X, and 102-06-005N

Ms. Graser showed a map of Walden Ranch noting that it was once called Centerpointe South. A portion of the property had a water service agreement that expired, for 27 dwelling units and the volume of water was 9.45 AF. She said the project did not have a residentially zoned vacant reservation.

She noted that there was a pre-application conference application, a preliminary plat hearing and a water service agreement water service application in place. She noted

that it was listed as one of the projects in Exhibit A in the resolution, for temporary extension. The project was looking at 286 units, which would require 100.1 AF of alternative water. The preliminary plat hearing was held on December 10, 2015, and was recommended as an approval of a 286 lot subdivision. She noted that the project would eventually move into a development agreement with an associated water service agreement.

Mr. Chamberlain and Mr. Chapman, representatives for the property, were in attendance.

Chairman Lamerson noted that the item was a new project, in the beginning stages of discussion, which needed to be evaluated. Mr. McConnell said the evaluation process had been running to the point that the Planning & Zoning Commission had considered the project and recommended approval on their December 10, 2015, meeting.

Councilman Sischka said the project should go forward. He asked if the City had the 100 AF. Ms. Graser said the project was associated with Exhibit A of the Resolution. Staff was working through all the parties involved with the exhibit. She noted that there were different degrees of need and contractual obligations.

Chairman Lamerson noted that there were only 300 total AF and Council still did not know about the legal reservations the City had accountability for.

Mr. McConnell said the general pool had 514 af, so the 100 would be about 20 percent of the remaining balance.

Member Blair asked how many acres the project consisted of.

Mr. Chamberlain, Walden Ranch representative, said there were 227 acres.

Member Blair was concerned with tying up water without trigger points for development.

Mr. McConnell said they were in the process of creating the trigger points. Staff had discussed the process with the applicant and was in the process of actively drafting a development agreement that would set forth the rights and responsibilities of both parties. The water service agreement would identify the demand of approximately 100 AF, with a performance requirement, for the consideration of the parties. A typical performance requirement for a project like the one being discussed would be final plat approved by the City Council within a period of 3 years, for the water for the project to be vested.

Ms. Graser said the item would be placed on a future committee agenda as more of the pieces came together. She noted that staff was taking that approach (introducing projects) because there was a long list from Exhibit A of the Resolution and this would give the committee time to reflect on each item.

Mr. McConnell suggested that if there was a January meeting, staff would have the draft language for the development agreement and water service agreement at that time.

Chairman Lamerson said a quorum asked that the item be brought back to the committee in January 2016.

F. Discussion of Water Issues Committee 2016 Work Program, meetings, and procedures

Ms. Graser referred to the 2016 Committee Work Program memo in the packet and highlighted a few items.

- Meeting Schedule – staff proposed a standing monthly meeting that could be canceled if there were no items, or if additional time was required to collect and assimilate information.

Member Blair said the second or fourth Tuesday would be fine as long as there was a standard time. Member Sischka agreed. Chairman Lamerson said he agreed. The Committee agreed to a standing Water Issues Meeting on the second Tuesday of the month at 9:00 a.m., subject to change.

The Committee approved the January Water Issues meeting for January 19 at 9:00 a.m. in the City Hall Basement Conference Room.

Ms. Graser continued with the memo.

- Committee Intent – focus on policy benefitting the community as a whole, while preserving flexibility in use of the water portfolio until such time as the Big Chino Water Ranch supplies were connected to existing infrastructure.
- Meeting outline – call to order, approval of previous minutes, portfolio topic, portfolio update, pending Water Service Agreements, and regional or local updates (if any).

Ms. Graser asked if there were more topics the Committee would like to have as standard agenda items.

Member Blair said he would like to add past reservation work with the state and getting water credits back.

Ms. Graser said if there was something in process at the state, it would be added to region/local updates, or staff could create a unique category that would be a subtopic of the portfolio.

Member Blair said it was also important to talk about the old water agreements, like those with the Mountain Club. They needed to be researched to get finality with the lots

that were not in the City of Prescott, but had a master agreement that sold the water to the master agreement and the master agreement provided to the Mountain Club. He also wanted to see the charges from the City for water meter hookups. He said there were some unclear agreements with Holiday Hills, Highland Pines and the Mountain Club.

Ms. Graser said some of those items were in play and some had more urgency than others. She said staff would like to work through them carefully and bring them up to the current standards.

Chairman Lamerson was appreciative of the efforts of staff to get the agreements in order.

Member Blair asked about adding items to the agenda a week ahead of the meeting. Chairman Lamerson said he did not have a problem with either member speaking to Mr. McConnell. Chairman Lamerson reminded the Committee that the City was severely limited in personnel resources

Mr. McConnell noted that if the Committee members wanted to put items on the agenda, they could, but staff may not have the time to provide thorough research.

- 2016 Work Program – complete City Resolution No. 4310-1519, Part 1, and renew discussions on Part 2.

Ms. Graser noted that there may be discussion on how the City allocated water. She added that there would be more discussion on effluent contracts, the EZ Street location, etc. She said the Committee needed to review and prioritize the list.

- Resolve in-process items (Hidden Heights LLC)
- Key elements of D&O modification – due 2019

Ms. Graser said if the City did not have an approval for construction of the Big Chino in 2019, they would go into modify, the D&O, which was a labor intensive process. She noted that 2016 was not too early to be looking on how to prepare the application, with supporting materials, before 2019.

- Water Management Policy updates
- Big Chino Water Ranch

Ms. Graser explained that there was an Agreement in Principal made in 2010, followed by a Comprehensive Agreement, so the City had a full-blown monitoring/modeling effort in practice now. She noted that the Big Chino was a potential future water supply and the City should not fall behind on that item.

Chairman Lamerson wanted to keep the fact that a significant portion of the Big Chino water had already been obligated in front of Council and the Water Issues Committee.

**MEMBER SISCHKA MOVED TO RECESS INTO AN EXECUTIVE SESSION;  
SECONDED BY MEMBER BLAIR; PASSED UNANIMOUSLY.**

There being no further business to discuss, the Water Issue Committee meeting of December 29, 2015, adjourned at 2:59 p.m.

\_\_\_\_\_  
JIM LAMERSON, Chairman

ATTEST:

\_\_\_\_\_  
KIM WEBB, Deputy City Clerk

D.

<b>COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO</b>	
<b>January 19, 2016</b>	
<b>DEPARTMENT:</b>	City Manager (Water Resource Management)
<b>AGENDA ITEM:</b>	Alternative Water Portfolio Update

<b>Approved By:</b>		<b>Date:</b>
<b>Water Resource Manager:</b>	Leslie Graser <i>LG 1/13/16</i>	
<b>City Manager:</b>	Craig McConnell <i>Craig McConnell</i>	1-13-16

**Background**

On November 10, 2015, the Council adopted Resolution No. 4310-1519 (Attachment 1) that enacted a temporary 90-day suspension on the acceptance of applications for City alternative water supplies, with certain exceptions. Sections 2 and 3 stated portfolio account balances for both the general pool and the reservation for vacant, residentially-zoned properties within the City limits. The resolution also made a transfer of 200 AF from said reservation to the general pool.

**Summary**

- The Alternative Water, General Pool is 485.08 Acre-feet.  
(as of 1/12/2016 which includes the 200 AF transfer from the Reservation for vacant, residentially-zoned properties within City limits and the 92 AF balance of the 2009 D&O supplies that are physically available)
- The Alternative Water, Reservation for vacant, residentially-zoned properties within City limits is 432 Acre-feet.  
(as of 1/12/2016 after the 200 AF deduction)
- The Alternative Water prospectively available from the Big Chino Water Ranch Pool is 3,264.50 Acre-feet.  
(as of 1/12/2016 net of previous reservations and the 200 AF reservation related to vacant, residentially-zoned properties within the City limits)

<b>Committee Recommendation to Council:</b> No action required, for information purposes only
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E.

<b>COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO</b> <b>January 19, 2016</b>
<b>DEPARTMENT:</b> City Manager (Water Resource Management)
<b>AGENDA ITEM:</b> Status of projects identified in Exhibit A to Resolution No. 4310-1519 and prioritization (Section 3)

<b>Approved By:</b>	<b>Date:</b>
<b>Water Resource Manager:</b> Leslie Graser <i>LL 1/13/16</i>	
<b>City Manager:</b> Craig McConnell <i>Craig McConnell</i>	<i>1-13-16</i>

**Background**

On November 10, 2015, the Council adopted Resolution No. 4310-1519 (Attachment 1) that enacted a temporary 90-day suspension on the acceptance of applications for City alternative water supplies, with certain exceptions. Exhibit A identified Water Service Agreement applications or PAC projects that had filed on or before November 3, 2015. Additionally, two separate sections of the Resolution stated, "...for which the City is contractually entitled to provide water.", and "...projects shall be evaluated and prioritized in the following descending order: workforce housing, and apartments/multi-family housing."

A status and prioritization of the projects is provided in Tables 1 and 2 (Attachment 2).

**Attachments**

- 1) Resolution No. 4310-1519
- 2) Table 1: Projects with a WSA application submitted  
Table 2: Other projects presented to PAC for which WSA applications have not been submitted.

<b>Committee Recommendation to Council:</b> No action required, for information purposes only
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**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.

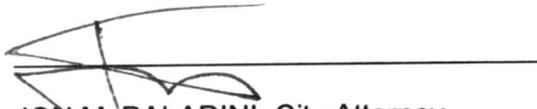
  
CHRIS KUKNYO, Mayor Pro Tem

ATTEST:



DANA R. DeLONG, City Clerk

APPROVED AS TO FORM:

  
JON M. PALADINI, City Attorney

Resolution No. 4310-1519 Exhibit "A"

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 <sup>1</sup>	X		
15-001	Reek Lane Partners	70-unit apartment complex	14 <sup>2</sup>	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		
<b>Total</b>			<b>&gt;235.75</b>	<b>&gt;235.75</b>	<b>0</b>	<b>0.35</b>

Resolution No. 4310-1519 Exhibit "A"

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) <sup>1</sup>	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		
<b>Total</b>			<b>&gt;151.35</b>	<b>&gt;151.35</b>	<b>0</b>	<b>79.45</b>

<sup>1</sup> 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).

<sup>2</sup> 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.

Table 1. Projects with a WSA application submitted

WSA Application No.	Applicant	Project	Volume Requested (ac-ft)	Building Permit or Planning and Zoning Recommendation	Notes	Prioritization of applications per Res. 4310-1519-Section 3
14-007	SJ Holms, LLC	4 multifamily dwelling units	1.0		Approved by Council; dated 12/15/2015	N/A
15-005	Ryan	Single family residence	0.35		Administratively approved 11/17/2015	N/A
15-009	LKD Housing Ventures	Single family residence	0.35		Administratively approved; awaiting signatures	N/A
15-016	Robert Beyea	Relocation of duplex to create 1 SFR and a duplex on same lot.	0.5	Permit B1507-024 Issued: 8/24/2015	Administratively approved; awaiting signatures.	N/A
15-006	Orefice	8 unit apartment complex	2.0	Building permit B1505-122 issued 8/25/2015	Water Committee recommend to move to Council Agenda (Jan 26, 2015). WSA on Council Agenda for approval.	Apartments
15-015	Randy Thomas	Additional demand to current groundwater allocation	1.5	Building permit application submitted.	Water Committee recommend to move to Council Agenda (Jan 26, 2015). WSA on Council Agenda for approval.	Apartments
14-009	ERAU	New 66 unit residence hall, 15 AF of increased water use since 1997, and campus build out.	32.5-95.8 <sup>1</sup>	Permit B1412-120 Issued: 6/15/2015	PAC completed	N/A
15-003	Mendel	Single family residence from lot split	0.35	Currently no application for building permit submitted.	WSA application submitted 6/19/2015.	
15-007	Moody	Single family residence from lot split	0.35	currently no application for building permit submitted.	WSA application submitted 6/19/2015.	N/A

Resolution No. 4310-1519 Exhibit "A"

15-008	Schnitzius Family Trust	Single family residence from lot split	0.35	currently no application for building permit submitted.	WSA application submitted 7/21/2015.	N/A
15-010	James 110 Investments, LLC	286 lot subdivision (former Centerpointe South)	100.1	P&Z Approved as proposed.	WSA on Committee Agenda for recommendation.	N/A
15-011	Hassayampa Holdings of Prescott, LLC	101 unit apartment complex	25.25	No building permit application filed.	PAC meeting 5/14/2015	Apartments
15-013	Territorial 12 LLC	12 condominium units	3	P&Z Approval required.	Will require proposed subdivision plat submission	N/A
15-014	Diversified Development, LLC	253 unit apartment complex	63.25	No building permit application filed.	Contractual obligation through 1974 agreement. WSA on Committee Agenda for review and will proceed to Council Agenda. Updated PAC Review 15/15/2015	Apartments Contractual obligation
15-017	Kevin Randle	21 multifamily dwelling units	5.25	No building permit application filed.		Multifamily
<b>Total</b>			<b>&gt; 235.75</b>			

Resolution No. 4310-1519 Exhibit "A"

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

PAC No.	Applicant	Project	Proposed			Priority
			Volume Required (ac-ft)	Building Permit or Planning and Zoning Recommendation	Notes	
15-077	Land Resource (SLF, Ill-Storm Ranch)	410 single family units	143.5(65 ac-ft additional) <sup>1</sup>	P&Z approval required		N/A
15-089	Paul Armenta	New apartment complex	3.5	currently no application for building permit submitted.		N/A
15-102	Robert Tubbert	Mountain Dream Apts	1.0	currently no application for building permit submitted.		Apartments
15-106	Giving Tree Wellness Center	Greenhouses for medical marijuana	TBD*	currently no application for building permit submitted.		N/A
15-108	Diocese of Arizona, Inc	Chapel Rock Baseball Field	TBD*	No activity		N/A
15-109	Sims Family Trust	Lot Split	0.35			N/A
15-112	Judy Numbers	Convert racket club to condos	1.5	currently no application for building permit submitted.		N/A
15-114	I. D. Investors, LTD	Remodel 6 units at Ridge Retreats	1.5	P&Z approval required		Apartments
<b>Total</b>			<b>&gt;151.35</b>			

<sup>1</sup> 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).

<sup>2</sup> 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.

**COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO**  
**January 19, 2016**

**DEPARTMENT:** City Manager (Water Resource Management)

**AGENDA ITEM:** Water Service Agreement Application No. 15-010 by James 110 Investments, LLC, for Walden Ranch, a 286 lot single-family Planned Area Development on property currently known as Centerpointe South, located south of Centerpointe East and east of SR89, APNs 106-01-005, 106-01-003X, and 102-06-005N

**Approved By:**

**Date:**

<b>Water Resource Manager:</b> Leslie Graser <i>LLG 1/13/16</i>	
<b>City Manager:</b> Craig McConnell <i>Craig McConnell</i>	<i>1-13-16</i>

**Background**

This project is identified within Resolution No. 4310-1519, Exhibit A. It was introduced to the Water Issues Committee at the December 29, 2015 Committee Meeting.

Actions to date:

- April 1, 2015, a Pre-Application Conference Application was filed.
- April 9, 2015, a Pre-Application Conference (PAC) No. 15-043 was held.
- August 13, 2015, a Preliminary Plat was submitted (PP15-01) for a 286 lot single-family residential subdivision and accompanied by Water Service Agreement (WSA) Application No.15-010.
- December 10, 2015, the Planning and Zoning Commission voted to recommend approval of the Preliminary Plat to Council.

**Summary**

The property owner is requesting an allocation of 101.5 AF of alternative water to serve 291 single family dwelling units. The increase from 286 units to 291 units is due to Tract B potentially being developable into has the possibility of adding five (5) additional lots.

**Attachments**

- 1) Water Service Agreement WSA 15-010 (City Contract No. 2016-022)

**Committee Recommendation to Council:** (1) MOVE to recommend approval of the Water Service Agreement No. 15-010 (City Contract No. 2016-022) to the Council **OR** (2) Other motion to be determined by the Committee.

**AGREEMENT FOR POTABLE WATER (WSA No. 15-010)**  
**James 110 Investments, LLC**  
**City Contract No. 2016-XXX**

WHEREAS, James 110 Investments, LLC, is the owner of certain real property (the "Property") within the City of Prescott; and

WHEREAS, James 110 Investments, LLC, desires to obtain the provision of potable water for the property described herein from the City of Prescott (the "City"); and

WHEREAS, James 110 Investments, LLC, its successor(s), and/or assign(s) (collectively, the "Applicant") intend to develop the Property as set forth by City Contract No. 2016-\_\_\_\_(the "Development Agreement"); and

WHEREAS, the Applicant contemplates subdividing and developing the Property to include a maximum of 286 residential dwelling units as generally depicted on the Master Plan, Exhibit B to the Development Agreement (the "Development"); and

WHEREAS, the City Council finds that compliance with this Agreement by the Applicant shall result in:

1. The Development and this Agreement being consistent with, conforming to, and furthering the implementation of the City of Prescott Water Management Policy 2005-2010, as amended; and
2. The Development being consistent with, conforming to, and furthering the implementation of the City of Prescott General Plan; and
3. The Development being consistent with, conforming to, furthering the implementation of, and not being contrary to any applicable adopted plans, including but not limited to Specific Area Plans, Circulation Plans, Capital Improvement Plans, Open Space and Trail Plans, Neighborhood Plans, Local Historic District Plans, growth planning or growth management plans, and redevelopment plans.

NOW, THEREFORE, in consideration of the covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party to the other, it is hereby agreed as follows:

1. That this Agreement shall relate to the Property, identified as Yavapai County Assessor Parcel Numbers 106-01-005, 106-01-003X, and 102-05-005N, and more particularly described in Exhibit A to the Development Agreement; and
2. That the City will reserve and allocate a maximum of 101.9 acre feet of potable water annually to serve the Development, which development shall be accomplished in strict accordance with the approved preliminary plat, and thereafter the approved final plats, site plans, and construction plans, subject to the following:

a. The Applicant shall complete and satisfy all requirements of the City for water service to Phase I of the Development, which requirements shall include, but not be limited to, recordation of a final plat approved by the Prescott City Council for said Phase I within three (3) years from the date of this Agreement. In the event all such requirements for Phase I are not completed within three (3) years, this Agreement shall terminate, and the Applicant shall have no further entitlement to potable water service from the City.

b. That any change in use of the Property from that designated by the Development Agreement, and this Agreement providing for water service to 286 residential dwelling units, shall result in the termination of this Agreement.

c. In the event that the total number of dwelling units is reduced from the 286 units specified here, then and in that event, the amount of potable water set aside for the Property pursuant to this Agreement shall be reduced by 0.35 acre feet for each such dwelling unit not constructed.

d. Unless otherwise provided by the Development Agreement, the Applicant shall be solely responsible for the costs of any water and sewer main extensions or upgrades required to serve the Property.

e. The Applicant shall connect the Property to the City's sanitary sewer system, and shall be responsible for any and all costs associated therewith unless otherwise provided by the Development Agreement, before water service to the property is initiated.

f. That the installation of any well on the Property by other than the City, or the use of water on the Property from any exempt well (less than 35 gpm), shall result in the termination of this Agreement.

g. That there shall be no divisions of the Property other than those approved by the City.

3. This Agreement shall run with the land, and shall be binding upon the Applicant's successor(s) in interest and assign(s).

4. Pursuant to A.R.S. Section 38-511, the City of Prescott may cancel this agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this agreement on behalf of the City is, at any time while the agreement or any extension of the agreement is in effect, an employee or agent of any other party to the agreement in any capacity or a consultant to any other party of the agreement with respect to the subject matter of the agreement. In the event of the foregoing, the City of Prescott further elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this agreement on behalf of the City of Prescott from any other party to the agreement arising as a result of this agreement.

5. That the Applicant hereby agrees to indemnify and hold harmless the City, its departments and divisions, its employees and agents, from any and all claims, liabilities, expenses or lawsuits as a result of this agreement, whether said claims, liabilities, expenses or lawsuits arise by the acts or omissions of the Applicant or its agents or employees.

6. This Agreement is the result of negotiations by and between the parties. Although it has been drafted by the Prescott City Attorney, it is the result of the negotiations between the parties. Therefore, any ambiguity in this Agreement is not to be construed against either party.

7. Time is of the essence in this Agreement. The failure of either party to require strict performance of any provision of this agreement shall not be deemed a waiver of the right of said party thereafter to require strict performance of that or any other provision of this Agreement in accordance with the terms hereof, and without notice.

8. The parties hereto expressly covenant and agree that in the event of a dispute arising from this Agreement, each of the parties hereto waives any right to a trial by jury. In the event of litigation, the parties hereby agree to submit to a trial before the Court.

9. Except as provided in the Development Agreement, the parties hereto expressly covenant and agree that in the event of litigation arising from this Agreement, neither party shall be entitled to an award of attorneys fees, either pursuant to ARS Section 12-341.01(A) and (B), or pursuant to any other state or federal statute.

10. Any conflict between this Agreement and the Development Agreement shall be controlled by the Development Agreement.

PASSED, APPROVED AND ADOPTED by the Mayor and Council of the City of Prescott this \_\_\_\_ day of \_\_\_\_\_, 2016.

**APPLICANT:**

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

JAMES 110 INVESTMENTS, LLC

By: \_\_\_\_\_

Name:

Its:

STATE OF ARIZONA )  
 )ss.  
COUNTY OF YAVAPAI )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2016, by \_\_\_\_\_, personally known to me or proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he/she executed it.

\_\_\_\_\_  
[Seal]

\_\_\_\_\_  
Notary Public

CITY OF PRESCOTT:

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
HARRY B. OBERG  
Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
DANA R. DeLONG  
City Clerk

\_\_\_\_\_  
JON PALADINI  
City Attorney

STATE OF ARIZONA        )  
                                      ) ss.  
COUNTY OF YAVAPAI    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by Harry B. Oberg, Mayor, personally known to me or proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he executed it.

\_\_\_\_\_  
[Seal]

\_\_\_\_\_  
Notary Public

<b>COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO</b>	
<b>January 19, 2015</b>	
<b>DEPARTMENT:</b> City Manager (Water Resource Management)	
<b>AGENDA ITEM:</b> Water Service Agreement Application No. 14-009 by Embry-Riddle Aeronautical University to accommodate the construction of sixty-six (66) student housing suites, and future build out for APNs 106-03-004, 106-02-009B, 106-02-001J, 106-02-003A, and 106-08-006.	

<b>Approved By:</b>	<b>Date:</b>
<b>Water Resource Manager:</b> Leslie Graser <i>LLG 1/13/16</i>	
<b>City Manager:</b> Craig McConnell <i>Craig McConnell</i>	<i>1-13-16</i>

**Background**

This project is identified within Resolution No. 4310-1519, Exhibit A. Embry-Riddle Aeronautical University (ERAU) has been a City water customer since November 18, 1976, and was annexed into the City in 1997. Since that time, the campus development has exceeded the 1998 committed groundwater allocation; hence, an augmentation of alternative water is necessary.

A new WSA application is a request to meet water demand for a residence hall containing sixty-six (66) student housing suites for a total occupancy of 264. Proposed future campus development includes a Library Learning Center in 2019, a second new residence hall containing sixty-six (66) student housing suites for a total occupancy of 264 in 2019, an additional Student Union building in 2021, and an additional residence hall containing sixty-six (66) student housing suites for a total occupancy of 264 in 2021. The total water allocation to satisfy the increase consumption since 1998, student housing under construction, and the proposed build out is 68.8 acre feet annually.

**Actions to date**

- October 28, 2014, Pre-Application Conference (PAC) No. 14-084 was held
- October 28, 2014, a Water Service Agreement application (No. 14-009) was filed
- December 18, 2014, a building permit application (B1412-120) was filed
- June 15, 2015, the building permit for the new residence all was issued.

**Attachments**

- 1) Water Service Agreement Application WSA 14-009 (City Contract No. 2015-140)

<p><b>Committee Recommendation to Council:</b> (1) MOVE to recommend approval of the Water Service Agreement No. 14-009 (City Contract No. ____ - ____ ) to the Council <b>OR</b> (2) Other motion to be determined by the Committee.</p>
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**AGREEMENT FOR POTABLE WATER (WSA No. 14-009)  
EMBRY RIDDLE AERONAUTICAL UNIVERSITY  
City Contract No. 2015-140**

WHEREAS, Embry Riddle Aeronautical University (hereinafter referred to as "Applicant"), is the owner of certain real property within the City of Prescott; and

WHEREAS, the Applicant has been a City water customer since November 18, 1976; and

WHEREAS, the Applicant was annexed into the City in 1997; and

WHEREAS, the Applicant has built beyond the 1998 committed groundwater allocation and requires an provision of potable water to account for the increase of water use; and

WHEREAS, the Applicant desires to obtain an increased provision of potable water to said property from the City of Prescott (hereinafter referred to as "City"); and

WHEREAS, the Applicant contemplates constructing a residence hall containing sixty-six (66) suite dwelling units for a total occupancy of 264; and

WHEREAS, the Applicant contemplates constructing an additional Library Learning Center in 2019, an additional residence hall containing sixty-six (66) suite dwelling units for a total occupancy of 264 in 2019, an additional Student Union building in 2021, an additional residence hall containing sixty-six (66) suite dwelling units for a total occupancy of 264 in 2021; and

WHEREAS, Prescott City Code Section 2-1-12(H) requires that an agreement be reached between the City and the Applicant in order to provide potable water; and

WHEREAS the City Council finds that compliance with this Agreement by the Applicant shall result in:

1. The project or development being consistent with and conforming to, furthering the implementation of, and not being contrary to, the adopted Water Management Policy of the City; and
2. The project or development being consistent with and conforming to, furthering the implementation of, and not being contrary to the adopted General Plan of the City; and
3. The project or development being consistent with and conforming to, furthering the implementation of, and not being contrary to any other applicable adopted plans, including but not limited to Specific Area Plans, Circulation Plans, Capital Improvement Plans, Open Space and Trail Plans, Neighborhood Plans, Local Historic District Plans, growth planning or growth management plans, and redevelopment plans; and
4. The project being in accord with the duly adopted City of Prescott Water Budget.

NOW, THEREFORE, in consideration of the covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party to the other, it is hereby agreed as follows:

1. That this Agreement shall relate to that property described as Yavapai County Assessor Parcel Numbers 106-03-004, 106-02-009B, 106-02-001J, 106-02-003A, and 106-08-006, more particularly described in the attached Exhibit "A" (hereinafter referred to as the "Property") and Exhibit B.

2. The City will designate 15 acre-feet annually of potable water to account for the increased consumption since 1998 and the City will designate an additional 16.5 acre feet to accommodate the proposed construction of sixty-six (66) suites for the Property, 0.6 acre feet to accommodate the proposed construction of an additional Library Learning Center in 2019, 16.5 acre feet to accommodate the proposed construction of a second sixty-six (66) suites in 2019, 3.7 acre feet to accommodate the proposed construction of an additional Student Union in 2021, and 16.5 acre feet to accommodate the proposed construction of sixty-six (66) suites for the Property for a total designation of 68.8 acre feet annually, subject to the following:

A. Applicant shall be solely responsible for the costs of any water and sewer main extensions or upgrades required by the City to serve the Property.

B. Applicant shall connect the Property to the City's Sanitary Sewer System, and shall be responsible for any and all costs associated therewith, before water service to the property is initiated.

C. Any change in use of the Property from an educational institution will terminate this Agreement.

D. The quantity of 53.8 acre-feet annually of potable water shall be reserved for the Property for a period of five (5) years from the date of this Agreement, which quantity shall be made available upon issuance by the City of a certificate of occupancy for sixty six (66) suite dwelling units. In the event the Applicant has not satisfied all requirements for issuance of said certificate of occupancy within said five (5) year period, this Agreement shall automatically terminate, and in such case neither the Applicant shall have any entitlement to, nor shall the City have any obligation to provide, potable water for this project.

E. In the event that the contemplated construction identified on the site plan is reduced at final build out, then and in that event, the amount of potable water set aside for the Property pursuant to this Agreement shall be reduced according to water allocation policies.

F. The installation of any well on the Property, or the use of water on the Property from any other exempt well (less than 35 gpm), shall result in the termination of this Agreement.

G. Any lot splits of the Property shall result in termination of this Agreement and require a new water service agreement.

H. The City does not guarantee fire flows in relation to the private water system.

I. Development beyond the existing structures and new residence hall and classrooms may require the amendment of the Agreement in accordance with City Water Management Policies in force at such time.

3. This Agreement shall run with the land, and shall be binding upon the Applicant's successors in interest and assigns.

4. Pursuant to A.R.S. Section 38-511, the City of Prescott may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or

creating this Agreement on behalf of the City is, at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of any other party to the Agreement in any capacity or a consultant to any other party of the Agreement with respect to the subject matter of the Agreement. In the event of the foregoing, the City of Prescott further elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the City of Prescott from any other party to the Agreement arising as a result of this Agreement.

5. That the Applicant hereby agrees to indemnify and hold harmless the City, its departments and divisions, its employees and agents, from any and all claims, liabilities, expenses or lawsuits as a result of this Agreement, whether said claims, liabilities, expenses or lawsuits arise by the acts or omissions of the Applicant or its agents or employees.

6. Although this Agreement has been drafted by the Prescott City Attorney, it is the result of negotiations by and between the parties. Therefore, any ambiguity in this Agreement is not to be construed against either party.

7. Time is of the essence in this Agreement. The failure of either party to require strict performance of any provision of this Agreement shall not be deemed a waiver of the right of said party thereafter to require strict performance of that or any other provision of this Agreement in accordance with the terms hereof, and without notice.

8. The parties hereto expressly covenant and agree that in the event of a dispute arising from this Agreement, each of the parties hereto waives any right to a trial by jury. In the event of litigation, the parties hereby agree to submit to a trial before the Court.

9. The parties hereto expressly covenant and agree that in the event of litigation arising from this Agreement, neither party shall be entitled to an award of attorneys' fees, either pursuant to the Contract, pursuant to ARS Section 12-341.01(A) and (B), or pursuant to any other state or federal statute.

**APPLICANT:**

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

By: \_\_\_\_\_  
\_\_\_\_\_ of Embry Riddle Aeronautical University

STATE OF ARIZONA                    )  
  )ss.  
COUNTY OF YAVAPAI                )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by \_\_\_\_\_, personally known to me or proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he/she executed it.

\_\_\_\_\_  
[Seal]

\_\_\_\_\_  
Notary Public

-----  
CITY OF PRESCOTT:

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
HARRY B. OBERG  
Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
DANA R. DeLONG  
City Clerk

\_\_\_\_\_  
JON PALADINI  
City Attorney

STATE OF ARIZONA                    )  
  )ss.  
COUNTY OF YAVAPAI                )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by Harry B. Oberg, Mayor, personally known to me or proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he executed it.

\_\_\_\_\_  
[Seal]

\_\_\_\_\_  
Notary Public

<b>COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO</b> <b>January 19, 2015</b>
<b>DEPARTMENT:</b> City Manager (Water Resource Management)
<b>AGENDA ITEM:</b> Water Service Agreement Application No. 15-014 by Bullwhacker Associates, Ltd., for Gateway at the Ranch, a 253 unit apartment complex located on APNs 103-20-596K and 103-20-597C.

<b>Approved By:</b>	<b>Date:</b>
<b>Water Resource Manager:</b> Leslie Graser <i>LG 1/13/16</i>	
<b>City Manager:</b> Craig McConnell <i>Craig McConnell</i>	<i>1-13-16</i>

**Background**

This project is identified within Resolution No. 4310-1519, Exhibit A. On November 10, 2015, the Council approved a Will-Serve letter for the property in the amount of 63.25 AF, based on a 1974 Grant of Easement and Agreement to Furnish Water. The City letter dated November 12, 2015, is Attachment 1.

**Actions to date:**

- August 19, 2015, a Pre-Application Conference Application was filed.
- August 27, 2015, a Pre-Application Conference (PAC No. 15-099) was held.
- September 9, 2015, a water service agreement application (WSA 15-044) was filed.
- December 9, 2015, Pre-Application Conference (PAC) No. 15-148 was held

**Summary**

Water Service Agreement No. 15-014 (City Contract No. \_\_\_\_ - \_\_\_\_ ) for 63.5 AF will be placed on a Council agenda at a future meeting when the final plans for the complex and associated water demand is known.

Quantification of the water demand pertaining to the balance of the Bullwhacker lands for which there is a contractual obligation to provide water is being determined (the amount is presently estimated to be between 66 and 160 AF).

**Attachments**

- 1) Will-Serve Letter dated November 12, 2015
- 2) Water Service Agreement WSA 15-010 (City Contract No. \_\_\_\_ - \_\_\_\_ )

<b>Committee Recommendation to Council:</b> No action required, for informational purposes only
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Office of the City Manager  
201 South Cortez Street  
Prescott, Arizona 86303  
(928) 777-1380  
Fax (928) 777-1255

November 12, 2015

Scot Lee  
Bullwhacker Associates, Ltd.  
P.O. Box 471  
Prescott, Arizona 86302

Re: Water service for project described by Water Service Agreement Application No. 15-014 (APNs 103-20-596K and 103-20-597C)

Dear Mr. Lee:

As approved by the City Council at their meeting of November 10, 2015, the City will serve potable water to the subject project, described by Water Service Agreement Application No. 15-014 to be a 253-unit apartment complex on 14 acres. The provision of water service shall be in accordance with the City Code, and all requirements thereof in effect at the time of application for a building permit. At such time, a water service agreement will be prepared for approval by the City Council, specifying the final quantity of water to be allocated, in accordance with the Water Management Policy of the City of Prescott.

The City of Prescott, as a municipal provider of water and sewer utility services, hereby confirms the availability of water and sewer capacity for the subject project. Design and construction of utility infrastructure necessary to connect the project to said City utility systems to enable provision of such services is the responsibility of the project developer.

Sincerely,

A handwritten signature in cursive script that reads "Craig McConnell".

Craig McConnell  
City Manager

attachment – Water Service Agreement Application No. 15-014

cc: City Clerk  
Water Resource Management  
TRAKIT file



**CITY OF  
PRESCOTT**  
ANNIKKI CHAMBERLAIN  
WATER RESOURCE COORDINATOR  
201 S. CORTEZ ST, PRESCOTT, AZ 86303  
(928) 777-1645 (F) 928-777-1255

**WATER SERVICE AGREEMENT APPLICATION**

PERMIT #: WSA 15-014

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 NAME: Diversified Development, LLC

ADDRESS: 3104 East Camelback Road, #405

CITY: Phoenix STATE: Arizona ZIP: 85016-4502

PHONE: (602) 266-9222 CELL: (602) 620-1400 LESLIE WILLIAMS  
Email: lesliecwilliams@gmail.com

LEGAL OWNER NAME: Bullwhacker Associates Ltd

ADDRESS: PO Box 471

CITY: Prescott STATE: Arizona ZIP: 86302

PHONE: ((928) 778-7795 ext 14 CELL: (928) 308-0791 SCOT LEE  
Email: theranchatprescott@cableone.net

PROJECT SITE ADDRESS: 14 Acres of the West half of 28.05 Acres of Tax Parcel No. 103-20-596-K

CURRENT ZONING: \_\_\_\_\_ PROPOSED ZONING: \_\_\_\_\_

ASSESSOR'S PARCEL NUMBER(S) OF EXISTING PROPERTY:

103 . 20 . 596-K 103 . 20 . 597C

EXISTING WATER/SEWER (Y/N): \_\_\_\_\_ IF YES,  
Next to Parcel WATER MAIN SIZE: 8"/12" SEWER MAIN SIZE: 8"

EXISTING WELL (Y/N): \_\_\_\_\_ IF YES, Wells must be formally abandoned as part of this water service application. Contact the local office of the Arizona Dept of Water Resources (778-7202) for the requirements.

PROJECT DESCRIPTION: # OF PROPOSED UNITS 253 # OF PROPOSED LOTS \_\_\_\_\_  
OTHER 253 UNIT APARTMENT COMPLEX ON 14 ACRES OF A 28 ACRES  
Parcel

FEES:

- \$ 50.00 LOT SPLIT  \$ 50.00 SINGLE FAMILY RESIDENCE  
 \$200.00 SUBDIVISION  \$200.00 MULTI-FAMILY, MOBILE HOME PARK

**AGREEMENT FOR POTABLE WATER (WSA No. 15-014)  
Diversified Development, LLC  
City Contract No. 2016-XXX**

WHEREAS, Diversified Development, LLC (hereinafter referred to as "Applicant"), is the owner of certain real property within the City of Prescott (hereinafter referred to as "City") for which the City is contractually obligated to provide water service per that prior obligation of the Grant of Easement and Agreement to Furnish Water (May 16, 1974), Final Judgment No. 41508 (January 12, 1984), and Stipulated Final Judgment No. 41508 (November 14, 1988), also known as the 1974 Agreement; and

WHEREAS, the Applicant contemplates constructing an apartment complex on the Property for a total of two hundred fifty three (253) multi-family dwelling units; and

WHEREAS, PCC Section 2-1-12(G) requires that an agreement be reached between the City and the Applicant in order to provide potable water; and

WHEREAS the City Council finds that compliance with this Agreement by the Applicant shall result in:

1. The project or development being consistent with and conforming to, furthering the implementation of, and not being contrary to, the adopted Water Management Policy of the City; and
2. The project or development being consistent with and conforming to, furthering the implementation of, and not being contrary to the adopted General Plan of the City; and
3. The project or development being consistent with and conforming to, furthering the implementation of, and not being contrary to any applicable adopted plans, including but not limited to Specific Area Plans, Circulation Plans, Capital Improvement Plans, Open Space and Trail Plans, Neighborhood Plans, Local Historic District Plans, growth planning or growth management plans, and redevelopment plans; and
4. The project being in accord with the duly adopted Prescott Water Budget and availability within its Water Portfolio.

NOW, THEREFORE, in consideration of the covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party to the other, it is hereby agreed as follows:

1. That this Agreement shall relate to that property identified as Yavapai County Assessor Parcel Numbers 103-20-596K and 103-20-597C, more particularly described by the attached Exhibit "A" (hereinafter referred to as the "Property") and depicted by Exhibit "B".

2. That the City will set designate and provide sixty-three and one quarter (63.25) acre-feet annually of potable water to serve the Property, subject to the following:

A. As a condition of water service, the Applicant shall connect the Property to the City's Sanitary Sewer System, and shall be responsible for any and all costs associated therewith.

B. Any change in use of the Property exceeding a total of 253 multifamily dwelling units shall result in the termination of this Agreement.

C. The quantity of sixty-three and one quarter (63.25) acre-feet annually of potable water shall be reserved for the Property for a period of three (3) years from the date of this Agreement, which quantity shall be made available upon issuance by the City of a certificate of occupancy for two hundred fifty three (253) multi-family dwelling units. In the event the Applicant has not satisfied all requirements for issuance of said certificate of occupancy within said three (3) year period, this Agreement shall automatically terminate, and in such case neither the Applicant shall have any entitlement to, nor shall the City have any obligation to provide, potable water to the Property.

D. In the event that the two hundred fifty three (253) multifamily dwelling units identified on the site plan are reduced at the issuance of the certificate of occupancy, then and in that event, the amount of potable water set aside for the Property pursuant to this Agreement shall be reduced by 0.25 acre feet for each such dwelling unit not constructed.

E. That the installation of any new well on the Property, or the use of water on the Property from any other exempt well (less than 35 gpm), shall result in the termination of this Agreement.

F. The Property shall not be split

3. This Agreement shall run with the land, and shall be binding upon the Applicant's successors in interest and assigns.

4. Pursuant to A.R.S. Section 38-511, the City of Prescott may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the City is, at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of any other party to the Agreement in any capacity or a consultant to any other party of the Agreement with respect to the subject matter of the Agreement. In the event of the foregoing, the City of Prescott further elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the City of Prescott from any other party to the Agreement arising as a result of this Agreement.

5. That the Applicant hereby agrees to indemnify and hold harmless the City, its departments and divisions, its employees and agents, from any and all claims, liabilities, expenses or lawsuits as a result of this Agreement, arising from the acts or omissions of the Applicant, its agents, and/or employees.

6. Although this Agreement has been drafted by the Prescott City Attorney, it is the result of negotiations by and between the parties. Therefore, any ambiguity in this Agreement is not to be construed against either party.

7. Time is of the essence in this Agreement. The failure of either party to require strict performance of any provision of this Agreement shall not be deemed a waiver of the right of said party thereafter to require strict performance of that or any other provision of this Agreement in accordance with the terms hereof, and without notice.

8. The parties hereto expressly covenant and agree that in the event of a dispute arising from this Agreement, each of the parties hereto waives any right to a trial by jury. In the event of litigation, the parties hereby agree to submit to a trial before the Court.

9. The parties hereto expressly covenant and agree that in the event of litigation arising from this Agreement, neither party shall be entitled to an award of attorneys fees, either pursuant to the Contract, pursuant to ARS Section 12-341.01(A) and (B), or pursuant to any other state or federal statute.

**APPLICANT:**

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

By: \_\_\_\_\_  
\_\_\_\_\_ of Diversified Development, LLC

STATE OF ARIZONA )  
)ss.  
COUNTY OF YAVAPAI )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2016, by \_\_\_\_\_, personally known to me or proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he/she executed it.

\_\_\_\_\_  
[Seal]

\_\_\_\_\_  
Notary Public

CITY OF PRESCOTT:

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
HARRY B. OBERG  
Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
DANA R. DeLONG  
City Clerk

\_\_\_\_\_  
JON PALADINI  
City Attorney

STATE OF ARIZONA )  
) ss.  
COUNTY OF YAVAPAI )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by Harry B. Oberg, Mayor, personally known to me or proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he executed it.

\_\_\_\_\_  
[Seal]

\_\_\_\_\_  
Notary Public

4.

<b>COUNCIL WATER ISSUES COMMITTEE AGENDA MEMO</b>	
<b>January 19, 2016</b>	
<b>DEPARTMENT:</b>	City Manager (Water Resource Management)
<b>AGENDA ITEM:</b>	Water Associations - Updates

<b>Approved By:</b>		<b>Date:</b>
<b>Water Resource Manager:</b>	Leslie Graser <i>LG 1/13/16</i>	
<b>City Manager:</b>	Craig McConnell <i>CMcConnell</i>	1-13-16

**Background**

The City is active in several water associations. Each will be briefly described.

- Northern Arizona Municipal Water Users Association (NAMWUA)
  - Formed in 2002 for the purpose of providing a platform for northern Arizona municipalities to cooperate as a collective voice for water policy and to work together to develop a sustainable regional water supply. The organization consists of a Board and a Technical Advisory Committee. The Board meets quarter and the TAC monthly.
  - Yearly dues: \$3,068.98
  
- Upper Verde River Watershed Protection Coalition (Coalition)
  - Formed in 2006 for the purpose of supporting collaborative efforts to address water resource issues on a regional basis by creating management goals that help protect the Verde River. The organization consists of a Board and a Technical Advisory Committee. The Board meets quarter and the TAC monthly.
  - Yearly dues: \$52,000
  
- Arizona Department of Water Resources - Groundwater Users Advisory Council (GUAC)
  - Formed by A.R.S. §45-420 in 1980 for the purpose of advising the active management area director and to make recommendations on groundwater management programs and policies. Governor appointed members include: Christopher Lee Marley, James (Jim) H. Holt, Larry Tarkowski, Robert Roecker, and Yvonne Kimball.
  - No dues; however, the City pays yearly into a Water Management Assistance Program based on a \$2.00/AF of groundwater pumped and/or \$1.00/AF of Long-term Storage Credit recovery.

**Agenda Item: Water Associations - Updates**

**Summary**

Upcoming items for each of these groups

- NAMWUA
  - Payment of dues, not a Council action
  - Participation on the Governor's newly formed Water Augmentation Council.
  
- Coalition
  - Payment of dues, Council action
  - Continued efforts related to Watershed Restoration, Public Outreach, and Water Conservation
  - Regional education materials (Prescott AMA)
  
- GUAC
  - No meetings at this time
  - City's Annual Water Withdrawal and Use Report to the Arizona Department of Water Resources will be due March 31, 2016

**Committee Recommendation to Council:** No action required, for informational purposes only