



Calendar Year 2018 Water Management Policy

Resolution No. 4411-1620
Effective January 1, 2018, to December 31, 2018

Attachment: Calendar Year 2018 Water Management Policy (1757 : 2018 Water Policy)

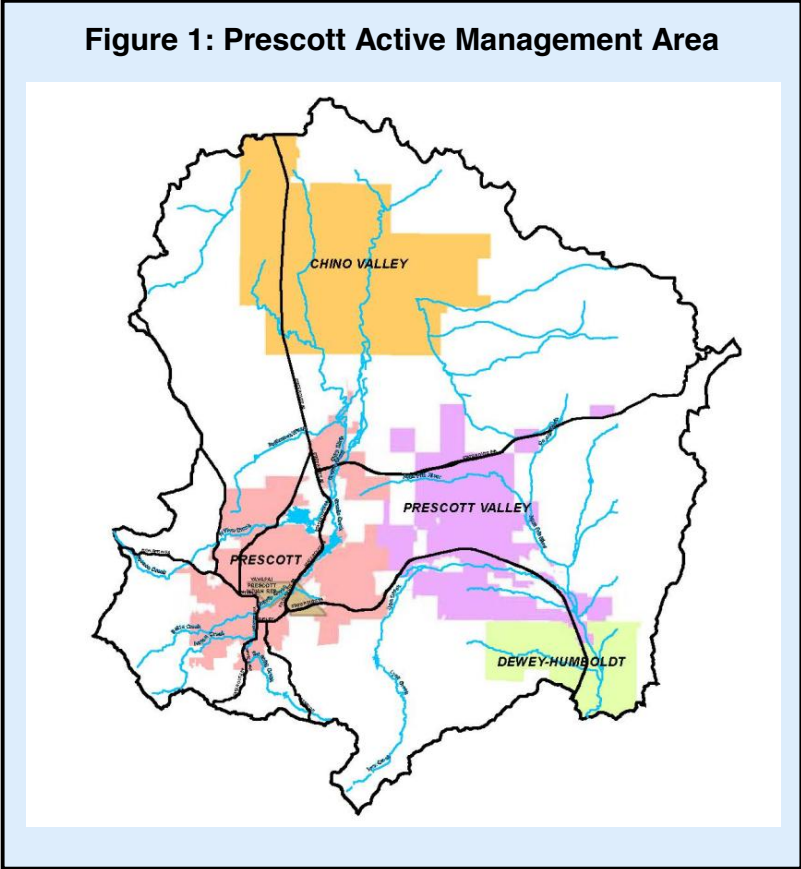
Section 1: Introduction

The City manages its water resources to ensure sufficiency for current and planned future demands. A team of professionals operates infrastructure (wells, pipes, storage tanks), monitors physical resources (groundwater, surface water, and reclaimed water), and integrates supplies with State and City water management requirements (e.g., Decision and Orders of Assured Water Supply, and City codes). In order to align the quantities and movement of water with regulatory requirements, the City of Prescott Water Resource Portfolio is managed in a manner similar to financial accounting, including accounts, deposits, withdrawals, creation of savings and subaccounts, and allocations.

Although this Policy addresses resources and touches upon infrastructure, it is intended to serve primarily as a water resource management reference, promulgating policies and procedures to guide water supply protection and use, basic physical supply information, alternative water allocation, and how the foregoing are integrated to ensure sufficient and stable water supplies for the community.

Section 2: State and City Water Management

The City is located within the Prescott Active Management Area (PrAMA), **Figure 1**, as defined in Arizona State law (Title 45), and must adhere to the requirements therein.



Since 1999, the City has held a State of Arizona Decision and Order (D&O) of Assured Water Supply (AWS) recognizing the City’s commitment to provide a secure water supply, now and into the future. More detailed water management policies are adopted that reflect the regional economy, community growth, General Plan, and utilities infrastructure.

Section 2.a. State Water Management Requirements

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

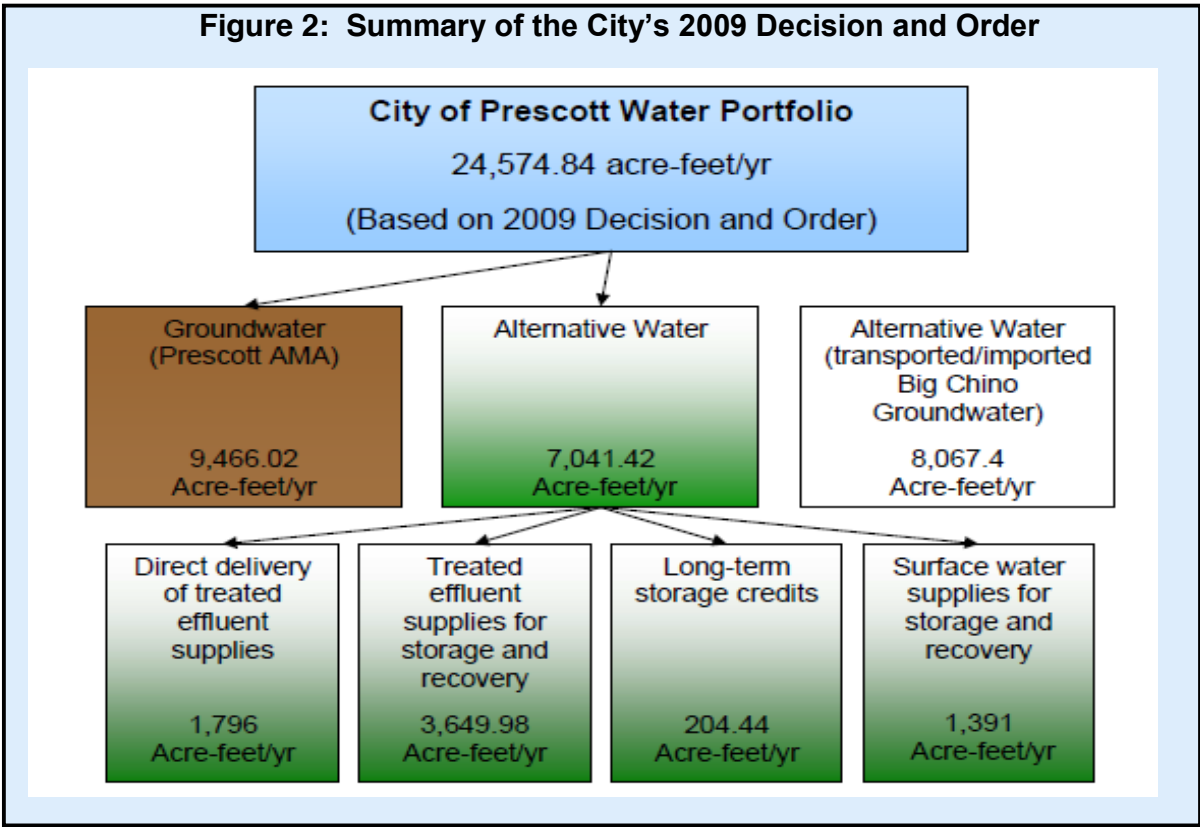
Through a series of management plans administered by ADWR, the 1980 Groundwater Code established water management strategies that emphasize conservation, replacement of existing groundwater use with renewable supplies, recharge, and water quality management by all users within the AMA, to help achieve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

City Policy: Meet all state requirements of A.R.S. § 45 and 49.

The PrAMA is also subject to the requirements of the Assured Water Supply (AWS) program. The City has held D&Os since 1999, periodically updated to reflect water resource availability, and is currently operating under the 2009 D&O (ADWR AWS No. 86-401501.0001), **Figure 2**.

City Policy: Uphold the City’s Decision and Order of Assured Water Supply.

Water management has a crucial role in implementation of the City's development policies, goals and objectives. The City deploys management tools, policies, and strategies to meet State conservation requirements: (e.g., public education programs and tiered water rates), replacement of groundwater with renewable supplies (e.g., reclaimed water and acquisition of Watson and Willow Lake reservoirs), recharge (the City’s facility has been operational since the late 1980s), and water quality (in accordance with Arizona Department of Environmental Quality criteria). Further, the City manages its water resources in compliance with Prescott AMA-specific decadal plans oriented to reaching the AMA-wide goal of safe-yield.



In September 2014, ADWR adopted the Fourth Management Plan (4MP) for the PrAMA. Requirements of the 4MP became effective January 1, 2017. A Designation of Assured Water Supply, the highest water provider designation by ADWR, requires demonstration that the provider, and its water supply, will meet seven criteria: physical availability, legal availability, and continuous availability of water for 100 years, financial capability, water quality, consistency with the management goal, and consistency with the management plan. The D&O quantifies the physical supplies available to the City, **Figure 2**, which have increased over time.

The status of each block of water relative to this policy is as follows:

Groundwater: The indicated quantity, 9,466.02 acre-feet (AF), is not a resource that can be allocated by the City, rather an amount recognized by the State in accordance with Arizona Revised Statutes. This component, supporting the majority of water needs within the City limits that were recognized circa 1998, is referred to as “current and committed demand.”

Alternative Water: This renewable component of the City Water Portfolio, as distinct from groundwater, presently consists primarily of recharged/recovered surface water stored in Watson and Willow Lakes, and treated effluent from the water reclamation (wastewater treatment) plants. The majority of alternative

water has been placed into post-1998 contracts or reservations for future use. The remaining quantity is made available ("budgeted") in annual increments to support new development, and allocated by the City in accordance with Section 5 of this Policy.

Alternative Water (transported/imported): This category of the portfolio relates to the volumes and authorities the City has with respect to the Big Chino Sub-basin. In the future, imported water may be allocated in a manner similar to other alternative supplies. Since it is not presently physically available, this water is not being allocated to specific development projects.

The Big Chino Water Importation Project is not yet programmed for construction. More information regarding Project activities and timeframes can be found on the City website [<http://www.prescott-az.gov/services/water/chino.php>] as well as in the City's FY 18-23 Water Fund Capital Improvement Program.

Section 2.b. City Water Management Requirements

City plans, policies, and codes, including refinements to water management pursuant to City Code 2-1-12, are updated when necessary for consistency with water supply conditions. Notably, for annexations of 250 acres or more, Article I, Section 4 (Boundaries) of the City of Prescott Charter, adopted November 8, 2005, prescribes that "...all effluent generated by new development in the annexed area be used for permanent recharge."

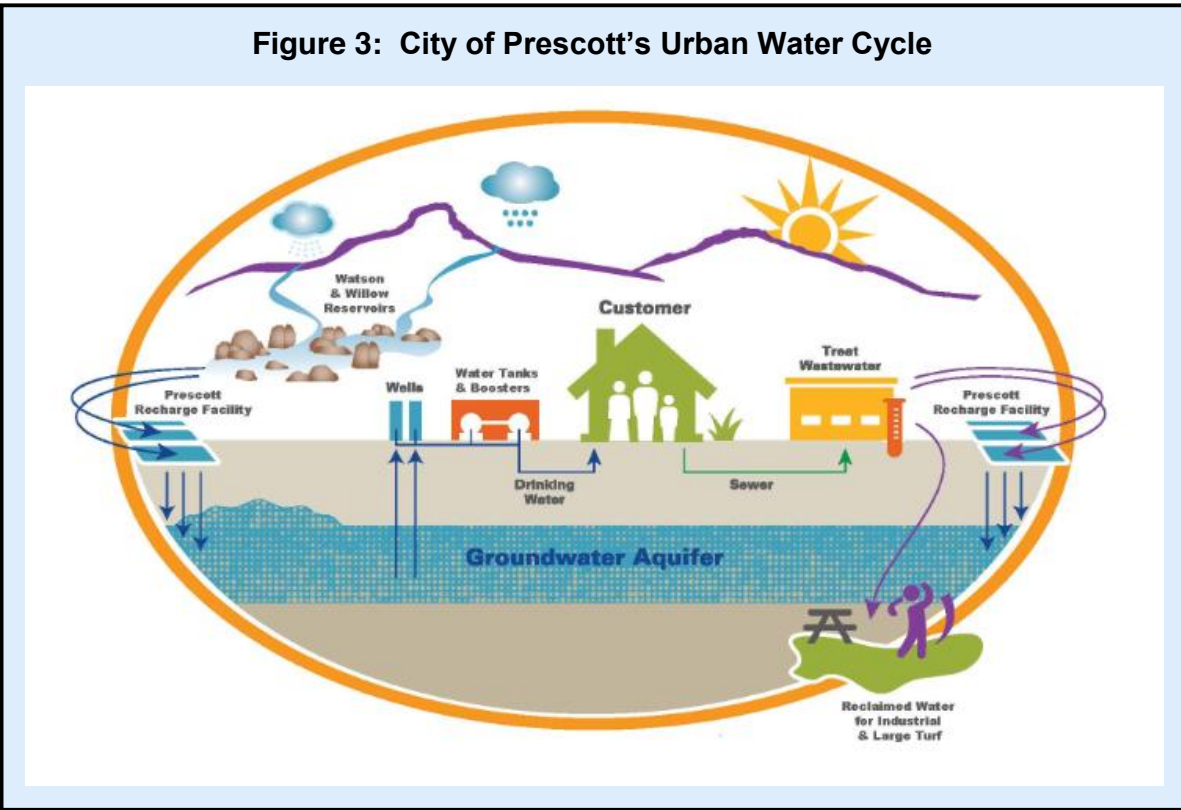
Compliance with this provision requires measuring wastewater flows from "Proposition 400 Annexation Area(s)," treating them, recharging the effluent, and leaving it in aquifer storage.

Section 3: Physical Water Supplies

The processes of the natural hydrologic cycle—condensation, precipitation, transpiration, and evaporation—operate on a global scale, continuously moving water around the planet. Locally, the natural water cycle is altered by man-made systems designed to provide water to homes and businesses, prevent flooding, store the water for later use, and achieve other benefits. Just as water circulates continuously in the global water cycle, water in Prescott also circulates continuously in the Prescott Urban Water Cycle, a unique and efficient water routing designed to maintain a sufficient water supply for our community now and into the future.

Sources

The City relies upon "grandfathered" groundwater for much of its present water supply, and augments the groundwater with surface water from the Watson and Willow Lakes reservoirs, and reclaimed supplies (treated effluent), for aquifer recharge, storage, and recovery. (**Figure 3** - Groundwater Aquifer, Watson and Willow Reservoirs, and Prescott Recharge Facility) As previously mentioned, the City has also secured Big Chino groundwater for future use.



Water Production and Treatment

The majority of City potable water is pumped from wells at the Chino Valley Water Production Facility into tanks on that site, and then conveyed to Prescott via high-pressure transmission mains. Two additional recovery wells have been drilled near the City Airport to meet demands in that area. The City's water quality is excellent, requires very little treatment, and is monitored daily to ensure the highest quality. (**Figure 3** – Wells)

Water Distribution

The City of Prescott owns and operates arguably the most complex water delivery system in the state, including 30 water storage tanks/reservoirs with 34 million gallons of capacity, 38 booster stations feeding 66 pressure zones, and 500 miles of pipe. Much of the infrastructure is buried. The Public Works Utilities Division also maintains fire hydrants, valves, meters and manages a cross-connection prevention program. (**Figure 3** – Wells, and Water Tanks & Treatment)

Uses

Water customers use the water supplied for various industrial, commercial and residential purposes. Practicing a low water-use lifestyle is a way everyone can help ensure a long-term, sufficient water supply; and reducing pollutants, such as debris and chemicals, will preserve water quality. (**Figure 3** – Customer)

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Wastewater Collection

Wastewater Collection operates the City's sanitary sewer system of 400 miles of sewer pipes, 8,200 manholes, and 63 lift stations. (**Figure 3** – Customer to Treat Wastewater)

Wastewater Treatment

The wastewater collected flows to treatment plants, where it undergoes processes necessary for reuse and recharge. The treated water, called effluent or reclaimed water, is sold for direct use on golf courses, and by industrial customers. (**Figure 3** – Treat Wastewater)

Recharge

The reclaimed water not supplied for direct reuse is recharged to the aquifer, along with surface water from the reservoirs, and the cycle begins anew. (**Figure 3** – Prescott Recharge Facility)

Section 4: Water Management – Integrating Supplies within the Framework of State Law and other Legal Obligations

Arizona's water management policy structure, updated in 1980, has extended water supplies for many population centers within the state. Within that structure, the City has actively managed its resources to provide water to support moderate growth. Each subsection below provides a brief explanation of how the physical supplies are aligned with state law, decision and orders, and City policy and plans.

Section 4.a. Water Management and the City of Prescott General Plan

In 1988, the State initiated the requirement that Arizona cities prepare and periodically update a General Plan as part of the “Growing Smarter/Growing Smarter Plus” legislation. The City’s current General Plan (approved by voters August 25, 2015, and viewable at http://prescott-az.gov/services/planning/general_plan.php, continues to integrate water resource availability and future growth. The General Plan contemplates the City's long-term build-out population to approximately double from the current 40,000. Maps of the current City limits (Attachment 1), prospective annexation areas (Attachment 2), and water service area (Attachment 3), are appended to this Policy.

City Policy: Continue to evaluate and address the community’s water supplies within the City’s General Plan.

During 2017, the unit allocations of alternative water for residential development were revised (Council Resolution No. 4380-1589; May 9, 2017) following analysis of actual residential water

usage from Fiscal Years 2010 through 2015, and a public process. The new allocations are to be reviewed annually, to include a comparison with metered water usage by housing units approved at the revised allocations, and the results reported to Council.

Section 4.b. Water Management and Conservation Planning

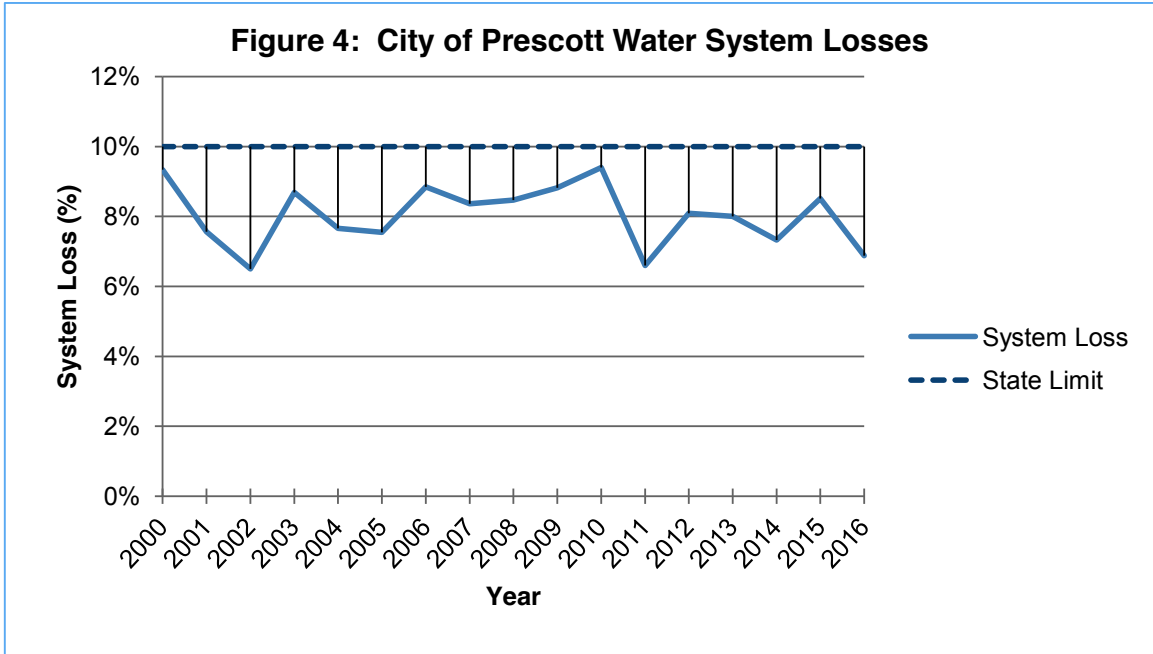
The City has established a strong foundation for water conservation. As far back as 1924, the Mayor and Council resolved that it had become “necessary to conserve and protect the water supply of the City of Prescott,” setting into motion conservation actions. The State of Arizona Groundwater Management Act, adopted in 1980, imposed formal conservation requirements.

Using water more efficiently to extend supplies, a long-time Prescott goal, is the responsibility of both the City as water provider, and all water customers. The City's role is two-fold: to limit losses from its municipal water system, and facilitate achievement of the state-prescribed requirement for the community expressed in gallons per capital per day (GPCD).

Integrity of the City Water System

"Lost and unaccounted water" is the total water from all sources (except direct use effluent) withdrawn, diverted, or received in a year, less the total authorized deliveries. Lost and unaccounted water results from line and hydrant breaks and leakage, faulty meters, evaporation or leakage from storage facilities, and unlawful connections to the system.

The City has consistently met the annual requirement of not more than 10 percent lost and unaccounted water. (*Figure 4*)



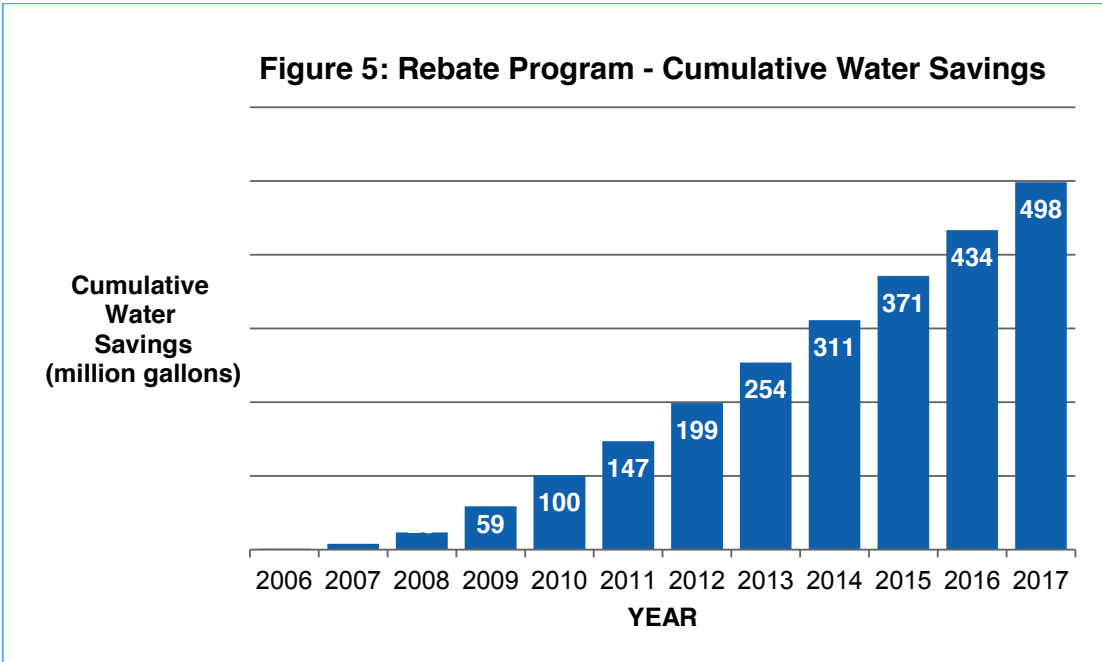
City Policy: Continue to assess the community’s water supplies to provide education and tools to assist home and business owners with basic and advanced conservation methods.

Community Programs

WaterSmart (since 2006) – The *WaterSmart* components are conservation awareness, water savings rebates, and K-12 water education and support.

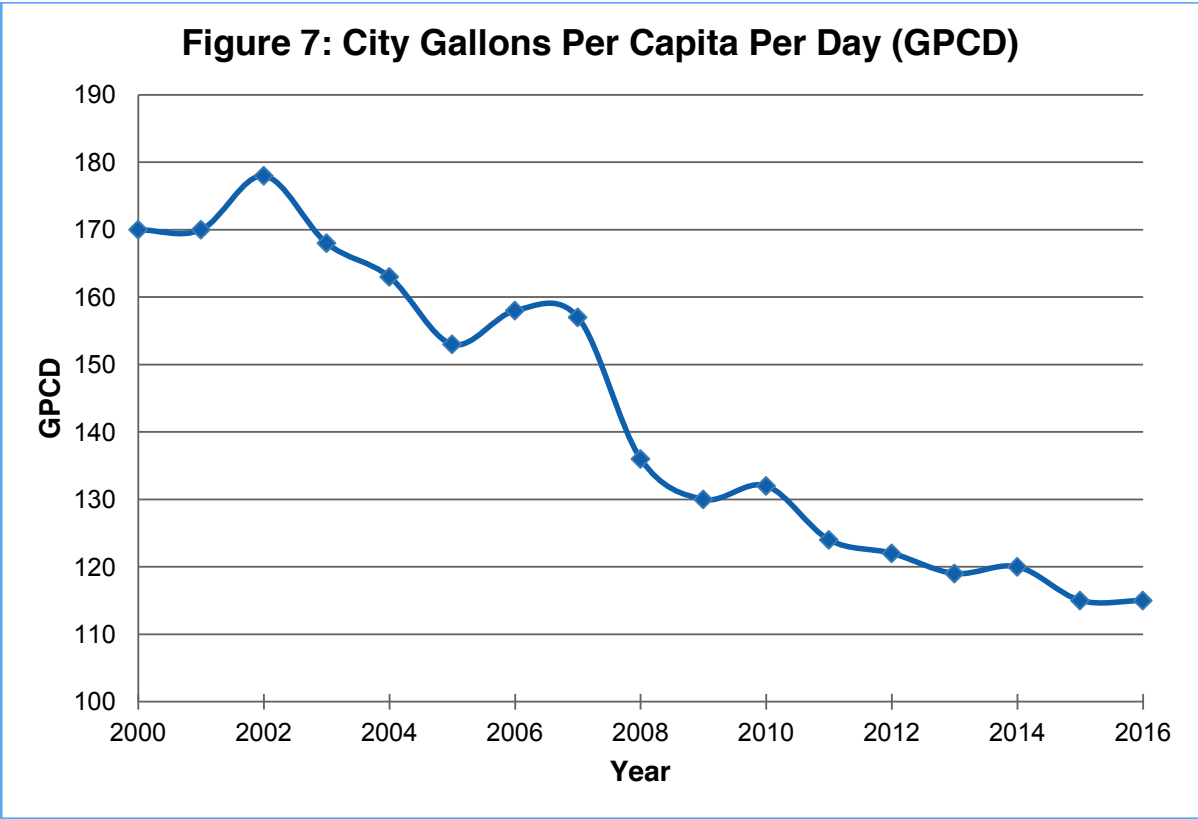
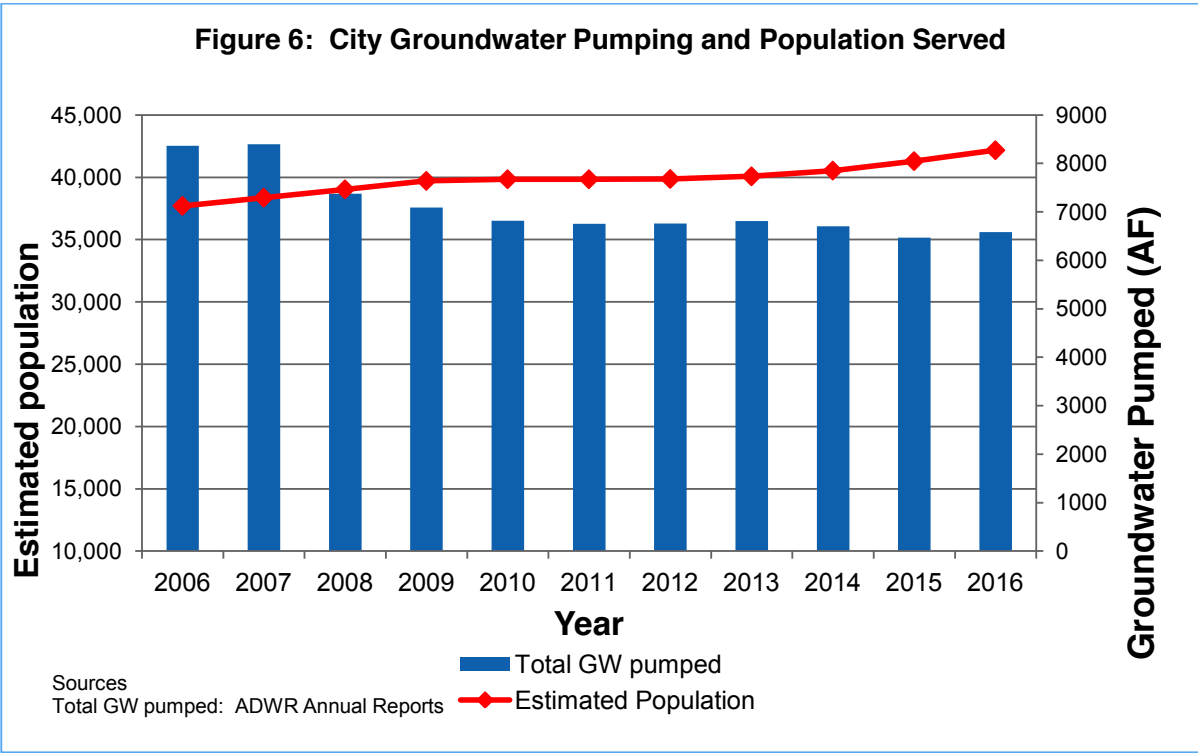
WaterSmart Drop by Drop (new for 2018) – This interactive education series will address water supply and conservation, featuring monthly presentations at the Prescott Public Library promoted through various media.

WaterSmart Rebates (since 1992, updated 2006) – The rebate program has saved over 498 millions of gallons of potable water since 2006. (**Figure 5**)



WaterSmart Landscaping – The website www.prescottwatersmart.com enables virtual tours of local landscapes and gardens, selection of native and low-water use plants, sharing of photos and landscape designs, and locating landscape resources. The site generated over 18,000 unique visits in 2017.

With the exception of 2016, total groundwater pumped annually to serve City water customers has decreased since 2007, even as the population has grown (**Figure 6**); and GPCD has significantly declined (**Figure 7**).



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Water Conservation and Safe-Yield

Efficient water use is helping the Prescott Active Management Area move toward aquifer safe-yield, the long-term balancing of groundwater withdrawals with the amount of water naturally and artificially recharged. ADWR’s Prescott AMA Fourth Management Plan provides more details and recommendations for achieving and maintaining a condition of safe-yield.

Section 4.c. Water Management and Drought Planning

Prescott is located in the Central Arizona Highlands of Arizona, within the Southwestern, United States, where droughts have regularly occurred throughout history. While much of the Southwest is confronting the challenges of an ongoing 15 year drought, the City has worked continuously, through State and local laws, to assure resilient water supplies. Recognizing the historical and current drought conditions, the City is committed to drought preparedness.

In 2005, the Arizona Legislature passed HB 2277, requiring all Arizona water providers to develop a drought preparedness and response plan. City codes regarding water resource shortages (including drought conditions) have been in effect since 1992. The City’s first State-required Drought Plan was completed in 2007, and updated thereafter at five-year intervals.

It is important to note that it would take extreme prolonged drought to cause the City to suspend normal water services and mandate water use reduction measures. Nonetheless, deep and prolonged droughts can occur, and the City has a Drought Management Plan in place.

The City of Prescott’s Drought Management Plan is founded on five fundamentals:

1. To provide a quantity of adequate water meeting required quality standards to assure the safety, health, and welfare of the public including wildfire prevention.
2. To minimize disruption of economic, business, and residential activities.
3. To maintain public trust through effective communication with residents and businesses in implementing the plan.
4. To provide a balanced and equitable plan, in which all water customers share the impacts and responsibilities in proportion to the amount of water used in accordance with legally established rights, and the magnitude of the water shortage.
5. To provide a comprehensive, logical, and coordinated plan that is effective, practical and flexible.

In addition, the City’s Water Conservation Code includes provisions for restrictions during water shortages (Prescott City Code, § 3-10-11), and provides flexibility for use in any foreseeable water supply emergency. The City Manager can declare Water Resource Status Levels based on the relationship between water demand and municipal safe production capability. These Water Resource Status Levels correspond to a mandatory Water Conservation Level that will take effect upon notice of the declaration.

Section 4.d. Assured Water Supply and Infrastructure Planning

The City is an Assured Water Provider for over 40,000 people. Hydraulic modeling is applied to ensure existing and future infrastructure meet all applicable engineering and performance standards. Through modeling, existing and future needs can be assessed as the community reaches build-out (see the City’s General Plan). The City’s Decision and Order of Assured Water Supplies is integrated with the hydraulic modeling.

Section 5: The Current (2009) Decision & Order (D&O) and Calendar Year 2018 Water Budget and Allocation

This section of the policy is intended to be updated each year as supplies from the City’s alternative water category of its portfolio are made available for placement into water service agreements (contracts).

Section 5.a. Summary of Alternative Water Allocations (1999-2017)

From 1999 to October 24, 2017, 2,125.74 AF were placed into contracts, while 1,334.73 AF remain in various reservations established by binding legal agreements or otherwise made via specific policy actions by the Council. During Calendar Year 2017 (as of October 24, 2017), 202.77 AF were placed into contract, or set aside to meet a historical contractual obligation.

Section 5.b. Alternative Water Allocation Policies and Volumes – Calendar Year 2018

This section contains criteria and guidance applicable to allocations of alternative water to new development projects in Calendar Year 2018. Supplies associated with a reservation, contract, or other Council action, identified in Attachment 4 – Alternative Water Reservations, are not subject to the Calendar Year 2018 Alternative Water Budget set forth hereinafter.

Policy 1 – The City Manager may: (1) direct any request for alternative water to the City Council for consideration of approval; (2) administratively approve requests for residential projects of 3 dwelling units or less. The City Council shall consider approval of all other requests.

Policy 2 – Alternative water will be allocated in the amounts of 0.25 AF and 0.15 AF per residential dwelling unit for Single-Family Residential and Multi-Family Residential, respectively; provided, however, that *Water-Efficient Residential Development*, as defined herein, shall be allocated alternative water in the amounts of 0.20 AF and 0.12 AF per residential dwelling unit for Single-Family Residential and Multi-Family Residential, respectively. *Water-Efficient Residential Development* is hereby defined as follows:

- Applicable to new preliminary and new final subdivision plats, and replats of master planned communities served by alternative water (but not lot splits, individual units on existing lots, existing unbuilt preliminary or final subdivision plats not part of a master planned community, or tracts)

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- For single-family homes and townhomes, meets the indoor and outdoor requirements of EPA WaterSense® New Home Specification (7-24-14), has a separate meter for each dwelling unit not larger than 5/8" x 3/4", and is certified by a WaterSense® Partner (builder)
- A multi-family project will be deemed *Water-Efficient Residential Development* if it consists of more than 10 dwelling units, and each unit is separately metered; neither the WaterSense® specification nor a WaterSense® Partner is required.
- Common areas, medians, and parkways are xeriscaped in accordance with the Land Development Code and State requirements for Active Management Areas, served by one or more irrigation meters, and subject to mandatory CC&Rs requiring the xeriscape to remain in place and be maintained by a property owners association, all the preceding of which are included in the water service agreement.

Policy 3 – Usage by commercial and institutional water customers providing goods and services to residents (supplied through new and existing water meters) shall be summarized by the Water Resource Management Division and provided to Council in conjunction with the Annual Water Report presented in March of each year.

Policy 4 – Conservation and other savings accrued to the effective date hereof, accumulated from the difference between the overall volumes of water allocated and actual volumes consumed by projects that have been built and occupied, shall be retained in the City's Water Portfolio, and not used to support additional development.

Policy 5 – The Water Resource Manager may request a water demand analysis for any non-residential uses to assure infrastructure and supply sufficiency.

Policy 6 – Water service agreement applications will be accepted with the submission of a building permit, site plan, or preliminary plat application (see Attachment 5, Water Allocation Procedure).

Policy 7 – An alternative water contract with a Calendar Year 2018 expiration date may not be amended to increase the number of lots or volume of water; any such proposal to increase the number of lots or volume of water shall require submission of a new water contract application for the revised project. A request for a one-time extension to an alternative water contract, if permitted according to Attachment 5, may be made prior to expiration of the contract. The granting of any and all extensions shall be subject to the availability of alternative water.

Policy 8 – When a Water Service Agreement expires, the associated volume(s) of water shall be returned to the General Pool or original contractual reservation, as applicable.

Policy 9 – Alternative water will not be allocated to support lot splits outside the City limits or within areas for which water is provided according to Pre-Existing/ Historical Agreements, unless specifically provided otherwise by each such agreement.

Policy 10 – Unless a project for new development is entitled to water by either a Pre-Existing/Historical Agreement or a real property acquisition contract for the Zone 19 water tank capital improvement project, alternative supplies shall only be allocated to projects that will return 50% or more wastewater to a City treatment plant, and all such qualifying must connect to and be served by the City sewer system prior to physical delivery of any alternative water provided for in a water service agreement.

Policy 11 – No single project will be allocated more than 50% of the alternative water remaining in its corresponding budget category.

Policy 12 – For a project whose demand would exceed the quantity of water remaining in the alternative water budget, or require greater than 50% of the remaining volume, the City may accept extinguished grandfather rights (see Attachment 7).

Policy 13 – Any unallocated alternative water remaining in the General Pool on December 31st of each calendar year may be considered by the Council in setting the alternative water budget for the following calendar year.

Policy 14 – Water service agreements (contracts) shall contain performance criteria appropriate to the project, including a termination date. In the event of termination, the reservation of alternative water for the project shall likewise be terminated.

Policy 15 – Water service agreement applications will expire one (1) year from the date of the application.

Policy 16 – In Calendar Year 2018, applications for water service agreements to serve new residential development projects, other than those qualifying for an allocation from a reservation, or for which the City has an obligation to serve pursuant to a Pre-Existing/Historical Agreement, are encouraged for single-family or multi-family projects of 3 units or less, subject to the availability of water in the Calendar Year 2018 Alternative Water Budget, reservation, or other agreement, as applicable.

Policy 17 – Well(s) on any property to be served by City alternative water must be officially abandoned through the Arizona Department of Water Resources, unless used for the continuation of ranching or agriculture prior to development, and so authorized in the water service agreement.

Policy 18 – A reservation of alternative water for new commercial development is hereby created in the amount of 100 AF, the remaining unallocated balance of which shall be preserved and carried over from year to year.

Policy 19 – Alternative water to support new industrial or institutional development may be allocated by the Council from the supply remaining in the Water Resource Portfolio net of reservations, contractual obligations, and the annual calendar year budget.

Policy 20 – The balance of the current reservation of physically available alternative water for Vacant, Residentially Zoned Tracts, as more fully described in Attachment 4, shall continue to be reduced by the quantity of 50 AF on January 1, 2018, and on the first day of January of each calendar year thereafter, with said reduction to be transferred to the General Pool. For each such annual reduction, there shall be created a corresponding reservation of 50 AF in the Big Chino Alternative Water (transported/imported) block of the Water Portfolio.

Calendar Year 2018 Alternative Water Budget

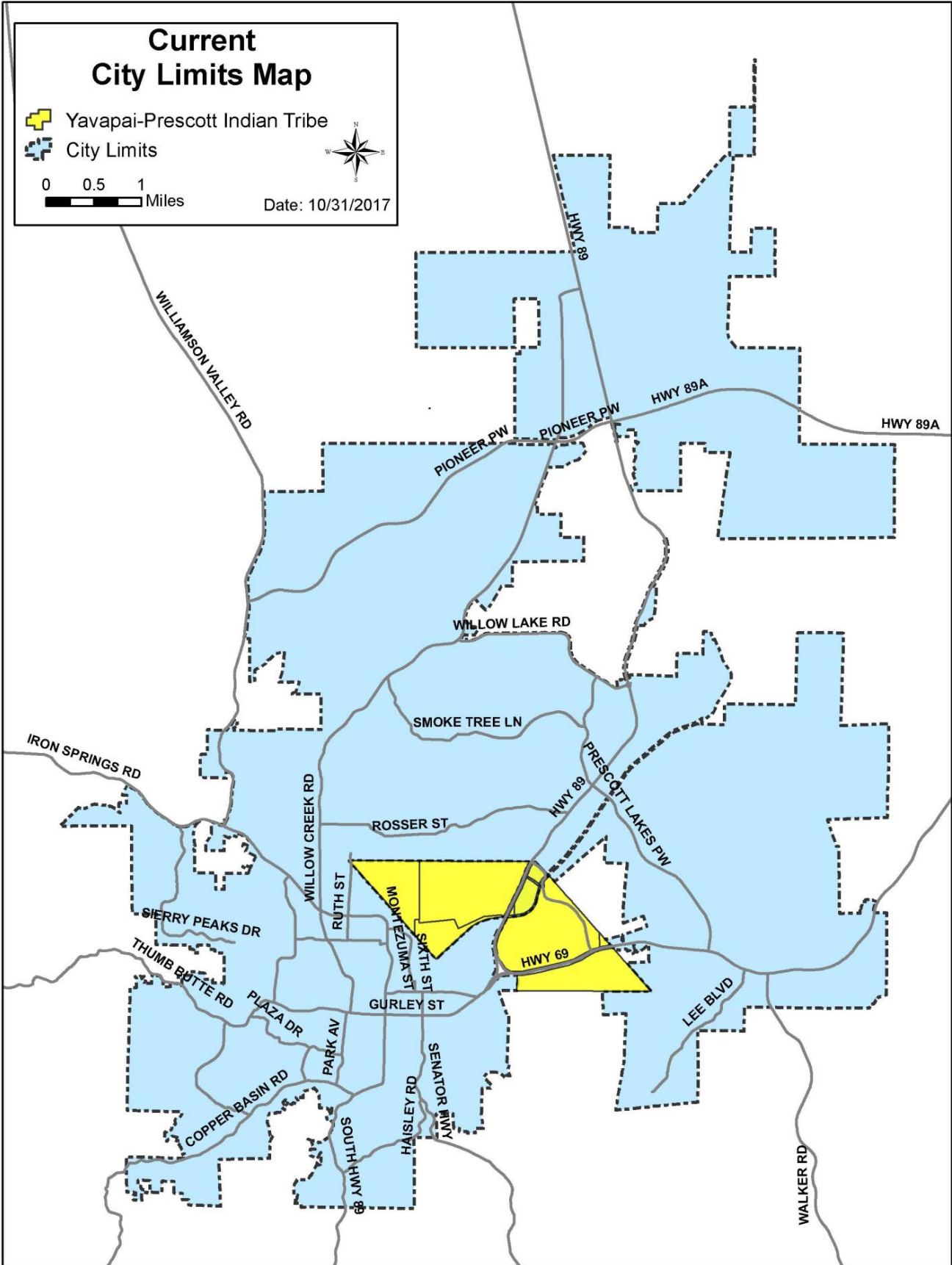
2018 Alternative Water Budget Available for Placement into New Contracts = 30 AF	
Residential	
Single-Family Projects	Single-Family Projects
Quantity: 20 AF	Quantity: 20 AF
Note: The Calendar Year 2018 Alternative Water Budget quantities above are available for projects other than those already entitled to water by an existing contract or reservation.	
Commercial, Industrial, Institutional	
See Policies 18 and 19 above.	

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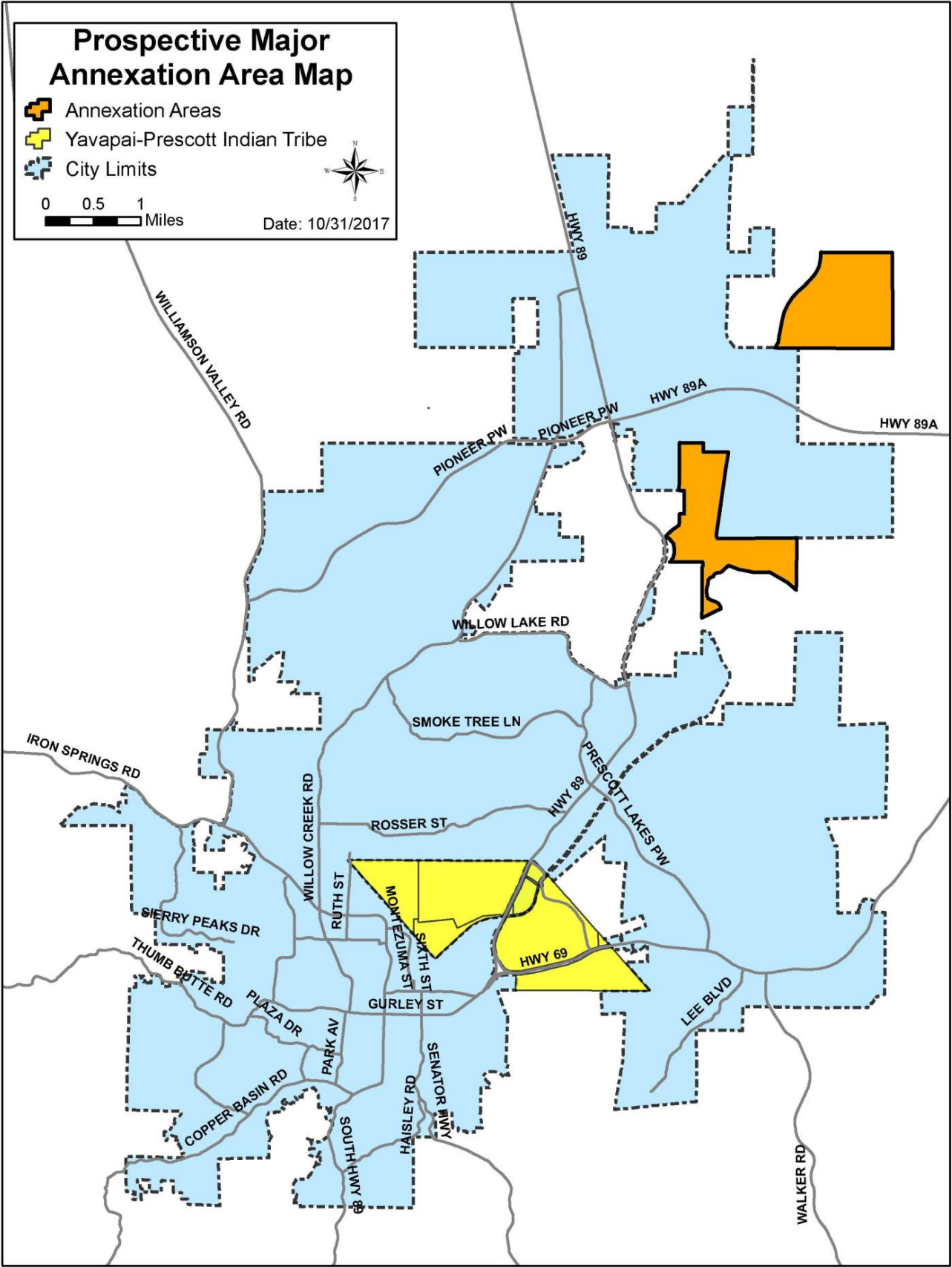
ATTACHMENTS

- Attachment 1 Map of Current City Limits
- Attachment 2 Map of Prospective Major Annexation Areas
- Attachment 3 Map of City Water Service Area
- Attachment 4 Alternative Water Reservations
- Attachment 5 Water Allocation Procedure
- Attachment 6 Water Service Agreement Application Form
- Attachment 7 Acceptance of Extinguishment Credits (IGFRs)

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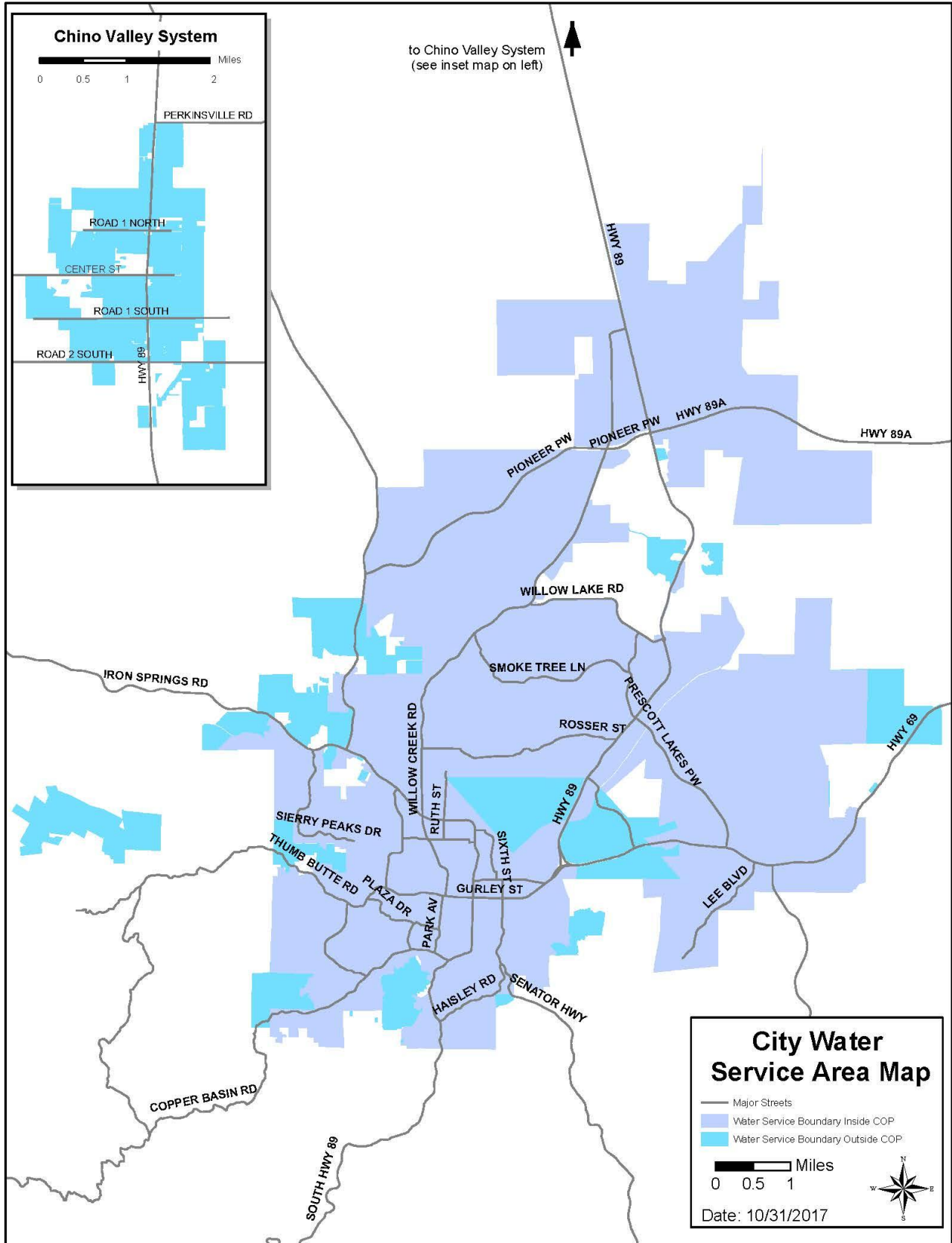


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Attachment 3 | Map of City Water Service Area



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Attachment 4 | Alternative Water Reservations

Reservations made by the City through contracts or other Council actions are unique. Current reservations are identified below.

1. Reservation 1 – The previously established reservation for the Chino Valley Irrigation District shall remain in place, and not be modified by this Policy. The Intergovernmental Agreement for which this reservation was made is City Contract No. 1998-040.
2. Reservation 2 – The reservation for Vacant, Residentially-Zoned Tracts within the City limits was created in 2006, at the request of the City Council, and described by the Water Management Policy 2005-2010 (as amended) as follows: *“In 2006 all vacant, residentially-zoned tracts in the City without specific water service commitments were surveyed, and a calculation made for each of the quantity needed to serve it if developed to the maximum allowed density: 3,887 potential dwelling units with a total demand of 1360 acre-ft.”* This reservation was reviewed in 2015, including auditing the quantity for water allocations made, and reducing the density to 70%, a more realistic figure for developability considering terrain and other factors such as the land required to rights-of-way, easements, watercourses, and open space. The revised reservation quantity was 672 AF. A complete summary of the Vacant, Residentially-Zoned Reservation is maintained by Water Resource Management.

In summary:

- The 2006 initial reservation was 1,360.00 AF.
- The 2009 adjusted reservation was 776.00 AF.
- After subtracting the allocations made between 2006 and 2015, the remaining balance was 631.65 AF.
- In 2016, a transfer of 200 AF was made to the General Pool, resulting in a reservation balance of 431.65 AF.
- In 2017, a transfer of 50 AF was made to the General Pool, resulting in a reservation balance of 381.65 AF.
- After subtracting the allocations made in 2016 and 2017, and transferring 50AF to the General Pool on 1/1/2018, the opening balance for Calendar Year 2018 is estimated to be 286.1 AF. Since creation of the reservation in 2006, City contracts totaling 145.82 AF have been issued to projects qualifying for the reservation, and the additional quantity of 44.08 AF was granted for build-out of the Granite Dells Estates master plan.

As indicated above, alternative water reserved for vacant, residentially zoned tracts within the City limits will be available in Calendar Year 2018, and is anticipated to be available in future calendar years, as follows:

- A. Allocations will be made for those tracts identified in 2009 and reaffirmed in 2015, at the updated 2015 densities and volumes.
- B. One allocation shall be available for each tract for which a reservation has been made, up to the entire quantity reserved by the City for the tract and formalized by a water service agreement. No subsequent allocation for each such tract from Reservation 2

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Attachment 4 | Alternative Water Reservations

shall be made. Any remaining (unused) water for each such tract shall remain in Reservation 2.

- C. The balance of Reservation 2, the alternative water for which is presently physically available, shall continue to be reduced by the quantity of 50 AF on January 1, 2018, and on the first day of January of each calendar year thereafter, with said reduction amount to be transferred to the General Pool. For each such annual reduction, there shall be created a corresponding reservation of 50 AF in the Big Chino Alternative Water (transported/ imported) block of the Water Portfolio, which is not presently physically available.
 - D. Notwithstanding the foregoing, nothing shall preclude the owner of any developable property within the City or otherwise satisfying requirements of the City Code for water service from applying for alternative water that is available within a water budget adopted by the Council.
 - E. Contracts shall require written performance criteria in accordance with 2018 Policy, Section 5.b. of this Policy.
 - F. In the event that rezoning of a property identified as a vacant residentially zoned tract within the city limits increases the number of potential residential dwelling units, the reservation of water for said property shall not be increased at the time of such rezoning to reflect the additional demand corresponding to the increase in dwelling units; and any existing reservation shall remain in force (Resolution No. 4071-1141).
3. Reservation 3 – The reservation for Pre-Existing/Historic Agreements (e.g., Ewin and Iron Springs) is 58.5 AF. In 2016, it was verified that both Prescott Riviera and Rancho Vista meet the State of Arizona laws to be “current and committed” groundwater demand. As of October 23, 2017, the volume remaining is estimated to be 45.2 AF. Reservation 3 remains under review.
- A. These pre-1998 contractual agreements will be issued water consistent with the agreement provision and all current City codes.
 - B. Once all water from Reservation 3 has been fully placed into contracts, no further quantity shall be available for development of the specified properties. The corresponding water service agreements shall not expire.
 - C. If, during the remainder of Calendar Year 2018, Reservation 3 is found to be unnecessary (the properties in question are recognized to be eligible for current and committed groundwater supplies), then the reservation will be terminated and any unused quantity transferred into the General Pool.
4. Reservation 4 – The reservation for Deep Well Ranch was effective December 24, 2009, pursuant to City Contract No. 2010-086. As of October 23, 2017, the unallocated balance was

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Attachment 4 | Alternative Water Reservations

798.60 AF. Deep Well Ranch is entitled to an additional 900 AF from the Big Chino Water Ranch, upon that source becoming physically available. As provided for by said contract, nothing shall preclude Deep Well Ranch from applying, now or in the future, for additional water from any sources of the City made available for development.

- 5. Reservation 5 – The reservation for Bullwhacker Ranch is a combination of a City “will-serve” letter dated 11/10/2015 for a 253-unit apartment complex and a potential 100 AF for lands identified in City Legal Department correspondence dated 2/19/2016. Water allocation to these parcels will be in accordance with City codes and policies in effect at the time of building permit, site plan or preliminary plat submission.
- 6. Reservation 6 – A reservation for commercial development in the amount of 100 AF is identified in Section 5.b., Policy 18, of this Calendar Year 2018 Water Management Policy.

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Attachment 5 | Water Allocation Procedure

Effective December 31, 1998, all new residential development within the City’s water service area proposed to be provided City water and not having a 100- year Assured Water Supply certification was required to obtain a Water Service Agreement (WSA). Such agreements set forth the terms and conditions of water service, including, but not limited to: the annual volume of water; time periods to use or lose the water allocation; third party approval requirements; connection to City sewer, and effluent ownership and rights to use thereof, if any; special fees or assessments; and stipulations and requirements regarding the use of the property to be developed as set forth in a residential development plan. Agreements for water service are issued within the limits of the adopted Prescott Water Budget, unless amended or waived by the Prescott City Council. Agreements for water service are only approved for residential development plans or for a commercial/industrial projects determined by the Prescott City Council to be in compliance with all applicable City development regulations, to be consistent with and conform to the City’s adopted General Plan, and to be consistent with and conform to any and all adopted, applicable plans:

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

In determining whether a development is consistent with and conforms to applicable plans and policies, the overall intent and goals of the plans and policies shall be considered, and the development plan shall also be evaluated as to whether it furthers the implementation of, and is not contrary to, the policies, goals, objectives, strategies and applicable elements of the plans and policies.
(Prescott City Code 2-1-12H)

Depending on the type of project, there are three potential pathways to possible water allocation. The City will determine the most suitable path for each project from the following list:

1. Administrative Approval (< 4 units)
 - A. Contact Community Development to discuss the project and the need for a Pre-Application Conference (PAC). Submit PAC application and schedule the conference.
 - B. After PAC (if needed) or determination of water supply needs, submit a building permit application (includes water service agreement application).
 - C. See policies (Section 5.b.).

2. Site Plan Review and Approval
 - A. Contact Community Development to discuss the project and the need for a Pre-Application Conference (PAC). Submit PAC application and schedule the conference.

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

3. Preliminary Plat Review

- A. Contact Community Development to discuss the project and the need for a Pre-Application Conference (PAC). Submit PAC application and schedule the conference.
- B. After PAC, submit a Preliminary Plat application (includes water service agreement application).
- C. The Preliminary Plat Review process is described in the Land Development Code Section (LDC 9.8).
- D. During the Preliminary Plat review process (LDC 9.8), the project will also be scheduled for Water Issues Committee review.
- E. Water Service Agreement (WSA) contract approval by City Council will be required at the same time of Preliminary Plat approval.
- F. If approved, the WSA contract will include the following performance criteria:
 - i. A final plat must be submitted within one (1) year of approval. A one-time extension of one (1) year will be allowed, if requested in writing before expiration of the water contract
 - ii. The final plat must be recorded within the time period specified in the WSA. A one-time extension of one (1) year will be allowed, if requested in writing before expiration of the water contract
- G. If any of the performance criteria is not satisfied, the water allocation will expire and the water will return to the portfolio.



WATER SERVICE AGREEMENT APPLICATION

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

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

APPLICANT INFORMATION	
Applicant: _____	Contact Person: _____
Address: _____	City/State/Zip: _____
Phone: _____	Email: _____
PROPERTY INFORMATION	
Property Owner: _____	Contact Person: _____
Address: _____	City/State/Zip: _____
Phone: _____	Email: _____
PROJECT SITE	
Address: _____	
Current Zoning: _____	Proposed Zoning: _____
Assessor's Parcel Number(s) of Existing Property: _____	
Existing Water Service (Y/N): _____	Existing Sewer Service (Y/N): _____
Existing Well (Y/N): _____	If Yes, Well Registry No.: _____
PROJECT DESCRIPTION	
Is the project Residential or Commercial? _____	
Please provide brief description: _____	
# of Proposed Units: _____	# of Proposed Lots: _____
Has a Water Demand Analysis been completed (commercial)? _____	
Has a building permit application been submitted? _____	
Has a Planning and Zoning Recommendation been made? _____	

Applicant Signature: _____ **Date:** _____

OFFICE USE ONLY			
DATE:	PERMIT #: WSA17-_____	FEE PAID:	Trak It: _____
		Legal Attached: _____	

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

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Any applicant for development and/or water service within the City of Prescott water service area may acquire and present for consideration sufficient “extinguishment” credits to support their development. The volume of the credits will be required to meet the calculated 100-year demand for water. The project must connect to City’s sewer system before water supplies are furnished.

What are extinguishment credits?

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

How many extinguishment credits are required for my project?

1. Determine the annual water demand of your project based on the following:
 - a. Residential (single and multi-family): 0.36 AF/yr/dwelling unit
 - b. Commercial: determined per project based on Water Demand Analysis
2. Determine the 100 yr water demand of your project based on the following allocations:
 - a. Multiply the annual water demand by 100 years.
 - b. This is the volume of extinguishment credits that will be required to be pledged to the City of Prescott.

Example

A forty-five lot subdivision:

1. Determine the annual water demand of your project based on the following allocations:
 - a. Residential: 0.36 AF/yr/dwelling unit
 - b. $0.36 \text{ AF/yr} * 45 \text{ dwelling units} = 16.20 \text{ AF/yr}$
2. Multiply your annual water demand by 100 years.
 - a. $16.20 \text{ AF/yr} * 100 \text{ yrs} = \mathbf{1620 \text{ AF}}$
 - b. **1620 credits**

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

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

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

RESOLUTION NO. 4411-1620

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, ADOPTING THAT CERTAIN DOCUMENT TITLED THE CITY OF PRESCOTT CALENDAR YEAR 2018 WATER MANAGEMENT POLICY, SUPERSEDING ALL PREVIOUS WATER MANAGEMENT POLICIES, AND AUTHORIZING THE MAYOR AND STAFF TO TAKE ANY AND ALL STEPS NECESSARY TO ACCOMPLISH THE ABOVE.

RECITALS:

WHEREAS, the City of Prescott is located within the Prescott Active Management Area; and

WHEREAS, the City of Prescott recognizes water as a finite resource that must be carefully managed; and

WHEREAS, the City finds it appropriate to review, revise, and update its Water Management Policy.

ENACTMENTS:

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

Section 1 THAT, the City of Prescott hereby approves and adopts the document titled the City of Prescott Calendar Year 2018 Water Management Policy as set forth in Exhibit "A," which is attached and made a part hereof.

Section 2 THAT, all previous water management policies are expressly superseded and revoked by the City of Prescott Calendar Year 2018 Water Management Policy.

Section 3 THAT, the Mayor and Staff are hereby authorized to execute the attached policy and to take any and all steps deemed necessary to accomplish the above.

PASSED, APPROVED AND ADOPTED by the Mayor and Council of the City of Prescott, Arizona, on this _____ day of _____, 2017.

GREG L. MENGARELLI, Mayor

Attachment: Resolution No. 4411-1620 (1757 : 2018 Water Policy)

RESOLUTION 4411-1620

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ATTEST:

APPROVED AS TO FORM:

MAUREEN SCOTT
City Clerk

JON PALADINI
City Attorney

Attachment: Resolution No. 4411-1620 (1757 : 2018 Water Policy)