



**UPPER VERDE RIVER WATERSHED PROTECTION COALITION
PRESCOTT, ARIZONA
April 22, 2009**

WORKSHOP MINUTES

A MEETING OF THE UPPER VERDE RIVER WATERSHED PROTECTION COALITION WAS HELD ON APRIL 22, 2009 in the Prescott Municipal Building, 201 S. Cortez Street, Prescott, Arizona.

Chairman Fann called the meeting to order at 11:03 a.m.

ITEM NO 1. Introductions, Awards, or Presentations

Members Present:

Mayor Karen Fann, Town of Chino Valley, Chairman
Councilman Mike Flannery, Town of Prescott Valley, Vice Chairman
Supervisor Carol Springer, Yavapai County Board of Supervisors
Mayor Jack Wilson, City of Prescott

Members Absent:

Councilman Floyd Wright, Town of Dewey-Humboldt

Staff Present:

Ed Muccillo, Program Manager
Rick Shroads, Assistant Program Manager
Jim Holt, City of Prescott
John Munderloh, Town of Prescott Valley
Mark Holmes, Town of Chino Valley
John Rasmussen, Yavapai County

Guests Present:

Councilman Jim Bunker, Town of Chino Valley Mayor Elect
Councilman Ron Romley, Town of Chino Valley
Councilwoman Lora Lee Nye, Town of Prescott Valley
Mayor Harvey Skoog, Town of Prescott Valley
Councilwoman Fran Schumacher, Town of Prescott Valley
Councilman Rick Anderson, Town of Prescott Valley
Councilman Harold Wise, Town of Prescott Valley
Councilman Bob Bell, City of Prescott
Councilwoman Mary Ann Suttles, City of Prescott
James Lawrence
Linda Campbell
Doug McMillan
Thomas Slaback



Robert Arambula
John Olsen

ITEM NO 2. Discussion – Recharge & Source Water Capture Pilot Projects Study

Mr. Ed Muccillo provided a review for the benefit of the board and the audience explaining that two of the major efforts the UVRWPC undertakes are water conservation and recharge. He said they are there today to discuss the recharge efforts and that they have already completed recharge mapping of both natural and artificial recharge. He said the purpose of the mapping was twofold. Mr. Muccillo said the first was to look at areas where natural recharge is already occurring or likely occurring and to establish whether or not the areas are in danger of being encroached upon. He said the general conclusion was most of the natural recharge is pretty safe. He said the second purpose of the study was to look for areas where artificial recharge could be introduced into the aquifer. Mr. Muccillo said they are now in the second step of the recharge program, which is to start to develop pilot projects for developed and undeveloped areas.

Mr. Rick Shroads gave a presentation, "Coalition Recharge Strategy," attached hereto as exhibit A.

Member Wilson said in terms of partners one potential partner not listed is the whole green movement and the green council that is getting off the ground. He said he is going to be speaking to the Green Business Forum at the Hassayampa Inn on May 2. He said he thinks there is opportunity for partnership with that community.

Vice Chairman Flannery said in terms of the Costco and Pet Smart area they should incorporate the area above including the restaurant, furniture store and other businesses located in the higher tiers. He said that it would be advantageous as they identify locations of developed land to get in on something like Sam's Club early on in the beginning stages of development. He said some of the efforts could be done without having to retrofit later. Vice Chairman Flannery said in terms of undeveloped areas soil content is very important in the decision making process.

Member Springer explained they are trying to pick two pilot projects with one on developed land and the other on undeveloped land for the purpose of using some new techniques to try to capture unappropriated rainwater. She said when they had first discussed this she had mentioned doing a project on a developed site in the Prescott AMA and an undeveloped site in the Big Chino area. She said she has rethought that and said for instance the Prescott / Prescott Valley pumping is not taking place in the Big Chino. Member Springer said it seems to her that the first two pilot projects would be better served doing them in the Prescott AMA where they could actually get a measurable credit for the recharge. She said she has changed her mind and suggests they keep both projects in the AMA that would be a better solution.

Supervisor Springer said another factor might be whether or not there are any current considerations for this type of project from any of the municipalities involved. She said for example in the City of Prescott they have some tax credits and other kinds of benefits that may be a factor in how they work with a potential partner. She said in terms of the sites she asked if recharge in the far easterly end of the Prescott Valley area would be as



affective there as it would be in Chino Valley. She suggested coming back in closer to the core area of the AMA as a better recharge area.

Mr. Mark Holmes said Chino Valley is working on a concept ordinance which addresses various types of ordinances. He said he thinks it is critical to try and capture a developer at the beginning stage of the construction when they have to go through a mass grading, drainage report already. He said by addressing that through a simple ordinance or partnering with those soon to be developed lands for a percent of water to be retained verses just detained and then allowing it to slow down to eventually make its way down the river. He said with retained water a percentage of that is recharge. Mr. Holmes said one component they are looking at is in some hard rock areas or ones far away from good recharge areas it is very expensive to convey storm water and rain capture through pipes. He said they are looking at a concept where they would participate with other developers who are located in a very good recharge area so they can share costs and or partner with the Town of Chino Valley, which is looking at a town-wide master storm water collection system.

Mr. John Munderloh said they are looking at doing this in a pilot fashion and they will be rather small projects at first because they are trying to prove a concept. He said they are trying to prove they can first, develop water off of a site and to him that is probably the most significant. He said they need to make sure they have the policy in place both at the state level and locally that allows them to capture unappropriated water. He said the second concept is to then do something with the captured water and the obvious thing to do with that water is recharge. Mr. Munderloh said he does not think they necessarily have to limit themselves to that and there might be some immediate use like being applied to offset groundwater pumping. He said he thinks they need to work on the water development concept and then the quantification of that water development, such as how much can they depend on; what is the timing in relation to wet dry season. He said these are important in order to understand the cost benefit of any of the projects. Mr. Munderloh said then they want to recharge the water. He said he does not know if in the pilot stage they need to actually recharge it or they need to get credit for the recharge at this point. He said they need to get the proof of concept so they can then go back to ADWR at some point in time and state with scientific proof what can be done and then develop a for credit a recharge project off of that.

Mr. Jim Holt said he appreciates the PowerPoint presentation. He said they should recall that most of their natural recharge, with respect to the Prescott Active Management Area, occurs along the mountain fronts. He said they are rightfully paying a lot of attention to the middle of the basin but he thinks they need to give some attention to the mountain fronts as well. Mr. Holt said if they the opportunity they should try to slow the flow of water that drains off of those mountain fronts because that is where the majority of the natural recharge is currently occurring. He said in regards to developed sites and opportunities for recharge they need to keep in mind water quality concerns. He said parking lots often have constituents they do not want to get into the aquifer.

Member Wilson said he wanted to segway off of something Vice-Chairman Flannery said about getting involved early in the process of development. He said he thinks they have an opportunity they should identify and that is the Cavin annexation the City of Prescott is currently in the 60-day period with. He said it is a 380 acre annexation plus what is already owned and it is going to be all commercial with a small slice of industrial and no



residential. He said that is somewhat of an ideal planning site. Member Wilson said the property is also in a good location being near to the airport. He said Cavin has also been a very good partner to work with in terms of Dave Cavin himself and his support people. He suggested that the Program Manager or TAC talk to Tom Guice.

Mr. Holt said likewise just they may have an opportunity with Granite Dells Estates down the road where some work and concepts could be done at the initial stage rather than as a retro fit. He said it is more residential oriented as opposed to commercial.

Chairman Fann said with respect to new development they have previously talked about the potential of installing perforated PVC pipe at the beginning stages. She said this would help the runoff drainage would go into a recharge site. She said now is the time to be discussing this with the previously mentioned developments before they start putting their infrastructure in. Chairman Fann said the extra part of infrastructure could be included in the Development Agreements and possibly be exchanged for some sort of compensation as a win win for both sides and an encouragement for them to do that. She said they talked about the Prescott Airport and obviously Bottleneck Wash and Granite Creek are right there. She said the good thing is it is in the Prescott AMA and one of things they have been talking about is trying to help reach safe yield. She said that Granite Creek also serves the headwaters of the Verde River so if they could do something around the Prescott Airport it would serve twofold: not only would it help with safe yield and recharge in the AMA but the overflow of the water would help support the Verde River flows and would also help in some sort of semi mitigation if in fact Prescott or Prescott Valley starts to do any pumping out there.

Chairman Fann said the Dugan Well & the Big Chino Water Ranch are outside of the Prescott AMA and while they may be good potential candidates they do not directly help with reaching safe yield. She suggested that Prescott or Prescott Valley may want to look at that for some sort of a water runoff as a potential mitigation plan. She said that a couple of places were noted in Chino Valley and the first slide was soil compaction to increase runoff. Chairman Fann said Chino Valley has a lot of runoff to the extent of major flooding and wanted to make sure the residents in Chino Valley know that the Coalition will not be doing anything to increase runoff unless there is some place to direct the runoff to. She said if there are any existing developments site owners could be encouraged to do something on their existing sites that would help them in the long run with any new development they were going to do. She said she is primarily talking about commercial properties.

Chairman Fann said on the west side of Chino Valley is Granite Creek Wash there is a lot of potential for some increased development coming off of the Haystack Mountains. She said there is potential for recharge on the west side of Chino Valley towards Williamson Valley Road in the County. She said those are the areas where they are seeing the wells drop significantly and they have a number of people who have to drill their wells deeper or haul water in. She asked if there is any opportunity to recharge water in that area to bring that water back up. She said they also have the center of Chino Valley, which is where Chino Valley and the City of Prescott have their municipal wells. She said she would like to make sure anything they do would be beneficial to make sure that all of those municipal wells stay at a good level as they try to reach safe yield and for recharge to assist in those projects as well.



Chairman Fann recognized that Councilwoman Mary Ann Suttles, City of Prescott, had joined the meeting.

Member Wilson said he sees this as a survey and they need quantification as they get down to dollars and cents as they pick the sites. He said that from a global perspective and long range they should look at rooftop rainwater capture in conjunction with everything else they are doing. He said the expert that he knows regarding this is Councilman Ron Glassman, City of Tucson, and suggested having him come speak to the Board.

Councilwoman Lora Lee Nye, Town of Prescott Valley, said she did not hear that the choice for the pilot project should be a location that has the best possible outcome to prove or disprove what they are trying to accomplish.

Mr. Munderloh explained they are working towards that and they have really just started the process to identify the best possible site. He said that is what Burgess & Niple and Civiltec will be working on.

Mayor-Elect, Jim Bunker, Town of Chino Valley, asked about the scope of total project and if there are any estimates of water produced versus the cost of the project yet.

Mr. Muccillo said they want to come out of this with the cost benefit based on different criteria such as square foot acreage, location, grade, prototypes, and those sorts of things.

Ken Janacek said with regard to the definitions of the projects establishing a baseline as to whether any recharge is occurring or could be occurring as a result of the current existing situation would be important. He said if they are interested in demonstrating to ADWR that they have made an improvement that justifies an increase in the assured water supply to meet safe yield. He said maybe some hydrologists smarter than he can figure out how to make those kinds of measurements in order to assure the accuracy of the end result relative to occurrence of natural recharge.

John Zambrano referred to Supervisor Springer's comment of getting credit for recharge and that needs to be discussed further. He said they had a bit of discussion at the TAC meeting and what that means. He said when he thinks of a credit for increased recharge he associates the term credit with assured water supply program, which means they would obtain a credit allowing for the building of more homes. He said in terms of their goal of achieving safe yield, having a credit to build more homes defeats the purpose. Mr. Zambrano said what is really important is that they increase natural recharge so that they have a less declining or stop the declining water table. He said to him that is more important than whether or not there some kind of official credit. He said the distinction between the assured water supply program and what happens in a water budget is really very important. Mr. Zambrano said he is more concerned about the water budget and hoping ADWR will recognize but whether or not they do they don't want the water table to keep dropping and enhanced recharge would help prevent that.

Chairman Fann said she agrees but the point she was trying to make is that it is two-fold. She said for example on an existing site if they are going to do a recharge project and



expect property owners to participate then they should be given some sort of incentive to encourage them to make those initial expenditures.

Mr. Zambrano said that the people who are responsible for meeting safe yield would be willing to pay existing site owners to do whatever needs to be done and the municipalities can bear the cost of enhancing recharge at a private site.

Mr. Muccillo said when they have these initial discussions with some of the current developers and property owners it would help them to know type of incentives are in bounds and those that are out of bounds.

Member Wilson said that what they are proposing in this program has not been done anywhere else that he is aware of but there are analogous things that have been done. He said they can go to other sites and get a derivative of what they should be paying for in a similar effort.

Chairman Fann said she agrees and thinks there is a discussion that needs to be had on that because this may be something they want to do as part of the Coalition or the Prescott AMA or would these need to be done as municipalities. She said this is a serious discussion the Coalition and the individual municipalities need to have.

Vice Chairman Flannery said they have had very similar conversations regarding water conservation, etc. He said he does not see this Board as the ultimate decision making group rather to make recommendations and referencing them back to the respective boards and councils.

Mr. Muccillo asked if they approach a potential partner such as a property owner or developer with a specific project would they need to then contact the respective board or council to seek cooperation and approval.

Vice-Chairman Flannery said he was referring to the subject of incentives, not the pilot project.

Member Springer said the issue of credit in her view is the Board is not necessarily working toward recharge credit per se for the purpose of assured water supply. She said what she thinks they are looking for is "measurement" so that they are able to at least assess the quality of the project that they are doing in terms of how effective is it. She said that is more important and that ultimately if they are looking at achieving safe yield, which is not actually defined in state statutes, they will know it by the measurements of the water table over a long period of time. Member Springer said whether they achieve a legal designation or not the idea is they will be in balance when they achieve that goal. She said they just completed a project at Pioneer Park, a storm water management project, and she wanted to address something said previously regarding parking lots. She said part of this project was to collect the storm water off of parking lots, clean it, and recharge it into aquifer. She said it was a very successful project done with a grant from ADEQ who has given their blessing to this process as a way of cleaning all of the pollutants off of parking lots. Member Springer said they are very proud of that project and continue to work on the next phase of the project, which is being done in conjunction with the City of Prescott. She said in terms of measuring, according to Yavapai County



Flood Control, there are a number of different opinions with regard to trying to measure water capture. She said they did one factor of the measurement by Flood Control and according to their measurements they are capturing and recharging approximately three acre feet of water per year in just that one project. She said that is a tremendous benefit regardless of whether they know if that is the true measure rather it gives them an idea. Member Springer said their ultimate goal is a long term measurement of their water usage and they will know whether have achieved the goal as they continue to monitor those wells.

Member Wilson said they can invent a new term, “engineered recharge measurement.”

Peter Krutinek said he is a recently retired Hydrogeologist and City of Prescott Resident. He said the City of Mesa has been working for a long time on urban recharge and getting credit for that.

Mr. Munderloh said regarding the theme of incentives and credits he said perhaps they are too early in the process to understand where they are going to go but agrees basically with Mr. Zambrano. He said basically they have an overdraft situation with existing development and the people who are there now owe some recharge to the aquifer to reach safe yield. He said perhaps the existing development participates in this in some fashion without a credit scheme and he sees no problem with having a for credit recharge project for new development as they adhere to assured water supply ground rules. Mr. Munderloh said if these technologies allow projects to move forward in a responsible fashion and they don't impact safe yield then it is not a bad thing if they develop these projects based on concepts for credit. He said he thinks there is probably a little bit of each that is beneficial and as these projects go there will be little ones located in isolated areas where the water cannot be moved in any reasonable fashion and the recharge to the aquifer is the responsible thing to do. He said in other area there may be a combination of developments going in with a large recharge facility and they may choose to put concepts on top of existing development. He said there may be a whole menagerie of different credit and non-credit recharge facilities.

Chairman Fann said one of the reasons for this open dialogue is that it is a good opportunity for comments from the representatives of the member entities for direction for Mr. Muccillo and the TAC as they proceed through this as to which direction they need to go.

Councilman Harold Wise, Town of Prescott Valley, said in this discussion Mr. Munderloh has touched on what he thinks would be a good idea and that are different layers of credits that will be used for different purposes in the future. He said if they are going to be measuring how successful the pilot projects are then the State will have to acknowledge a certain level of measurability of what is done. He said whether the credits can be used for new development can still be decided and that would be part of the whole water management program that they want to do in the AMA. He said he would like to see them pursue something along the lines of what Mr. Munderloh described.

Councilwoman Mary Ann Suttles, City of Prescott, said in listening to what the different entities have done she thinks they are all working towards that same end result. She said in trying to select which pilot project they are going to do find out from other towns what has been successful. She said with the continuation of the TAC and the



cooperation of the Coalition she sees some success coming and that they should keep doing what they are doing.

Chairman Fann asked if this is something that should be done as a whole or by individual municipalities.

Councilwoman Suttles said what this Coalition keep doing what they should continue to do. She said the municipalities could always splinter off and do their own thing but they are not always successful. She said as a Coalition she seems them working much better together than trying to do their own.

Mayor Skoog said he agrees and that the Coalition can do it better. He said they can also get a recharge will enable them to continue as people want to move in there.

Mayor – Elect Bunker said he thinks it is important that they move ahead with pilot project and not get too side tracked and get that done. He said his guess is that when they actually start doing this the nature of the projects they will do in the three communities will be so different because of the terrain and soil types that the municipalities will be doing the actual projects themselves.

Councilwoman Nye said if they ever do anything regionally this had better be it and everyone needs to give their best efforts from their brightest most educated point of view with a lot of research. She said she does not disagree that their process at the end might vary due to the differences in the communities but they are beginning to be stronger regionally because of the Coalition. She said she wants to strongly approach this regionally through the Coalition and take it as far with the Coalition as possible. She said they will respect the community differences and make them work for the Coalition.

Member Wilson said he thinks it is a two level approach. He said number one is that he agrees with the comments that the Coalition there is strength in regionality. He said the real strength of the Coalition is setting up the template because they can look at the overall problem, the costs to get the recharge, etc. and then provide that template to the municipalities. He said [number two] is that the rubber meets the road in new development especially when they do a development agreement. Member Wilson said if they have a common template they are working against then it gets integrated in the development agreement.

Mr. Muccillo asked for input regarding model regional ordinances.

Member Springer said forget it. She said it keeps coming up and they have three municipalities and a county all of which have different needs and different issues. She said to try to come up with one ordinance or one set of rules that applies to all of them is going to be impossible so why chase that thing. Member Springer said these projects should be a Coalition effort; however, each project is going to have to be valued on its own. She said as far as continuing they all have a straw in the water so to speak but it's the same water.

Chairman Fann said that is why she is treading lightly on this subject because she knows how Member Springer feels and that she has some very valid reasons. She said the politically sensitive part about this is that they are all drinking out of the same bowl as



previously mentioned. She said the question is that while they do not want to step on each other's toes, if they have a couple of entities working very hard towards safe yield and then they have an entity within the AMA that says they do not care about recharge then all of the hard work the other entities are doing will not be successful because not everyone is on the same page. She said there is that fine line between making sure they each have their own identities and authorities within their jurisdictions and yet they somehow need to have some sort of cohesion because they are a team in this.

Mr. Munderloh said he agrees with Supervisor Springer about the model ordinances and that would be going too far. He said he thinks they are heading towards developing hydrologic design criteria, a suite of criteria that says if you have these conditions then putting in place these elements will increase recharge. He said to have the scientific factors in place to choose to use would be very important for decision makers.

Member Springer said to answer the previous comments this is the benefit of the Coalition is that they are all at the table. She said look at the County more than the municipalities because they have a totally different issue. She said the County is not a water provider and they rely on exempt wells to serve the residents in the unincorporated areas of the county. She said they are apples and oranges but working together on the Coalition is the way to get both perspectives on these issues.

Mark Holmes said it really sounds similar to what a community would do with a storm water master plan – instead it would be a coalition master plan that would be designed, which would identify different criteria. He said they would then have this master plan, rather than a regional ordinance, that would be taken back to each entity and worked through development process. He said it is worked into development by development based on location, size, etc. and it is master plan they all can draw from.

Member Wilson said in reference to her example of two entities are pulling a full load and one of the entities is going roughshod, he believes the answer to that question is they have a frame work and it is called the Fourth Management Plan so they should be talking to the Prescott AMA, which h represented in the audience.

Chairman Fann said she was not picking on anyone in particular rather her examples were in general. Member Wilson added rhetorical. She said Chino Valley is right in the middle because the majority is still on exempt wells and septics but then they have a small sewer and municipal water system.

Mr. Zambrano said to avoid confusion the Coalition should disavow the use of enhanced recharge to get assured water supply credits. He said if the public thinks they are going through all of this so that more subdivisions can be built, instead of meeting safe yield they are going to lose any support that they have.

Chairman Fann asked for clarification if new developments come in then that is obviously up to a development agreement. She said what she is talking about is existing large potential sites and projects. She said if the taxpayers are going to pay for an existing site then they probably should not get any credits. Chairman Fann said if the taxpayers are not willing to pay for it and the developer/landowner is asked to fork out some money



then some consideration should be given to those developers for the amount of money they are willing to put up to help reach safe yield.

Mr. Zambrano said he does not see how artificially increased recharge comes into play with assured water supply credits. He said if they increase natural recharge they should not be asking for credit so they can build more subdivisions. He said this does not lead to safe yield and they will lose credibility with the public they ask for assured water supply credits to build more subdivisions.

Member Wilson said he has problems with such absolute statements as to disavow something or to say the public will not support them. He asked how Mr. Zambrano knows that.

Mr. Zambrano said he thinks the public looks at the Coalition's mission and the mission does not include building more subdivisions. He said the mission includes protecting the Verde and meeting safe yield.

Chairman Fann said it is not the Coalition's goal to increase support or promote any future subdivisions. She said the reality of life is that they are going to grow whether they like it or not. She said part of their mission is not only to reach safe yield but to insure that they have adequate future water supplies for the existing population and any future population. She said they are not there to advocate anything other than finding better water resources and protecting the ones they have.

Mr. Zambrano said if they did projects enough to reach safe yield and then any extra enhanced [natural recharge] would go to new development of subdivisions that would be fine. He said he thinks they should say that the enhanced natural recharge is going to be for that purpose [safe yield] and not new subdivisions. He said if they ever get to the point where they reach safe yield and want to do more, that is fine.

Mr. Holmes said he thinks versatility should be the way they should go and asked what if a development chooses to go both ways. He said they may have a landscape plan to capture their water and recharge a portion of that and still meet proportionate recharge component for safe yield.

Mr. Zambrano said he is referring to where they are spending money on projects to enhance natural recharge and that should be for the purposes of meeting safe yield. He said if they structure something where developers are capturing water in some way and it allows the developer to build that is fine but in terms of the projects the Coalition set out to do it should be for meeting safe yield and not for new subdivisions.

Chairman Fann asked if Mr. Zambrano suggested earlier that the taxpayers should or would be able to pay for this and to then propose a tax increase on everyone in the Prescott AMA.

Mr. Zambrano said she is going to turn him into a politician. He said they are all responsible for the current overdraft and the current residents ought to be paying for it.



Leslie Grazer said she works for ADWR and works with the statewide planning division and she happily answers phones and takes care of anyone who comes in just as if she does work for the AMA. She said today she is just there to listen.

Mr. Holt said he thinks it is valuable to dial back into where they are with this particular project component. He said when they talk about selection of site they are really talking about selection of site(s) for additional analysis. He said they need to recall they are looking for sites where they can measure and quantify baseline conditions, where they can analyze design, do cost estimates of the infrastructure required for additional aquifer recharge, where they can analyze anticipated outcomes, and then from that point make additional recommendations. Mr. Holt said even though they have looked at some great photographs of what other people are doing in other parts of the country. He said they are not at that point yet rather they are at the point of identifying sites where they have the opportunity to do that more detailed analysis of anticipated outcomes. He said he thinks it is valuable that they keep that in mind – they are not turning any soil yet and they are not building anything at this time but they are looking at where they can find good opportunities for pursuing that in the future.

Mr. Shroads said he understands the model ordinances issue is not a popular issue. He said one thing that Yavapai County does is they have set of flood control criteria. He said all of the local entities have adopted portions of that in their own drainage criteria. He said those are not ordinances but they are good engineering knowledge that could be gathered and put together in one place and the local jurisdictions can then pick and choose what might work for their situation.

Chairman Fann asked if the Board were to ask the TAC to go out and locate half a dozen sites listing all of the pros and cons regarding a potential test site then how much time does that take and what expense is involved. She said an obvious part of that analysis they would bring back is the money portion and how much it would cost as to what it would cost to do these pilots in each one of the sites.

Mr. Muccillo said he thinks that is where they are at with the pilot project that was authorized. He said a little more than half of that was for the developed site concept and a little less than half was for the undeveloped site. He said they were looking at about three to five months to get that done. He said getting through organizations to find out their level of cooperation could take some time.

Member Springer asked if anyone disagrees with her statement that they should keep both projects in the Prescott AMA.

Mr. Muccillo said it gives him a boundary, which is great.

Councilwoman Suttles said they should be in the AMA because that is what is being asked of them, to reach safe yield.

Councilman Wise said he agrees and they need to focus on the AMA. He said there may be a time in the future where they can work cooperatively on something that is out of the AMA but at this point he thinks this is what they need to do.



Mayor Skoog said he agrees and he cannot imagine that they want to do the whole world – the AMA is enough for them to handle.

Vice Chairman Flannery said he questions the amount of recommended sites and suggested that they narrow them down to three sites each.

Mr. Muccillo said he thinks that as they go through them they will weed themselves out and they will be doing really well to have three by the time they are done.

Supervisor Springer said that is one of the things she was going to say and that at this point what they are doing is giving direction to staff. She said she thinks they all agree that the pilot project should be in the AMA. She said she agrees with Councilman Flannery that they narrow that down to three of each to be analyzed and to ask staff to come up with a list of potentials and the cost to go to the next step.

Mr. Muccillo said it sounds good to him. He said Mr. Munderloh talked earlier about the difference and the fine line between using the capture water for recharge and using the water for credits. He asked what the sensitivity about that is.

Member Wilson said he does not see any difference mathematically. He said from a water budget standpoint versus assured water supply there is absolutely no difference.

John Rasmussen said one of the concerns may be because of the question regarding baselines. He said if they are going to have to prove that they are obtaining a certain amount of water relative to what would have naturally occurred that might be more of an expensive proposition as opposed to using a ball park estimate.

Member Springer said she understands the dilemma between the projects that are not being done for a development purpose and others that perhaps may be able to use some water credit. She said they have a mixed bag. She said what they are looking for first is to be able to measure a project. She said they should be able to tell homeowners, for example, who may be asked to invest in rainwater harvesting how much water they are saving by doing that. Member Springer said measuring every project for a ball park figure is just worthwhile. She said if it costs some money to do a project the individual or entity doing the project has to do some sort of a cost benefit analysis so measuring is the first key. She said projects that are of a development nature and are perhaps eligible for some sort of credits then certainly they should have a process in place to allow them to apply for those credits.

Member Wilson said he knows that Supervisor Springer was in the legislature when some of the water laws were conceived and developed and one of the things they need to keep in mind is the issue of fiscal water versus paper water and until they get some sort of decision from Arizona Department of Water Resources they have a rubrics' cube. He said they need to get concurrence of what they are going to allow before this really works from both perspectives – not just the water budget perspective but from the legal water law perspective in the State of Arizona, which is different than anywhere else in the United States.

Mr. Muccillo said he has one more question and that is the question of funding. He asked about how this will go forward in the future and is it a Coalition effort or is it



individual entity effort or the possibility of being taxpayer funded. He said grants are something they definitely want to pursue but beyond that how do they think these might go down.

Member Wilson said tax increase is a bad word and he is sure a lot of people on the Board will reinforce that statement however, from the standpoint of the City of Prescott part of the water bill goes for alternate water supply. He said that is one potential source of revenue. He said potentially if they look at the overall dilemma they are in trying to reach safe yield that is one way of approaching the question.

Member Springer said it is a difficult question and she obviously has a problem with contemplating any tax increase for this purpose. She said with most of their organizations that are regional in nature they have generally allocated the cost by virtue of population and she thinks that is as fair as any way to fund this organization as well as any others. She said they should just continue with same formula with revisions from time to time.

Vice Chairman Flannery asked for clarification on what Mr. Muccillo is asking for.

Mr. Muccillo said for example they develop a pilot project that turns into a template for future approaches and asked if there is an element to that that is not completely funded then where do they as the Coalition or the individual entities come up with that money.

Chairman Fann asked if they have any estimate as to what a pilot project might cost.

Mr. Muccillo said it really depends on the site and other circumstances.

Chairman Fann said she wants to go on the record right now to make sure everybody understands as far as Chino Valley is concerned they are having a hard time budgeting in existing Coalition contributions. She said they rely on their State shared revenues and their sales tax and both of them are down to nothing. She said they are not only trying to figure out how they are going to pay for their dues, they are not going to have any extra money in their general fund to pay for any pilot projects.

Member Springer said she thinks everybody is in that condition. She said they know sooner or later they are going to come out of this.

Member Wilson said they are in planning mode basically and this is the best possible time to plan for the future because they cannot do anything else but plan. He said in terms of a new development that is an opportunity where they may not have to put hard money out; it might be incentive based on a development agreement.

Vice Chairman Flannery said that would mostly be through the City of Prescott and would not have any financial impact on the Coalition.

Mayor Wilson said he can see going both ways and he can see doing what they can do when they can do it and if they are in a situation like Chairman Fann described, which he sympathizes with, then they go a different route.



Mr. Muccillo said there may be some situations where the Coalition is the broker for that deal.

Chairman Fann announced that Burgess & Niple graciously ordered in lunch for everybody here, not just the Board and TAC but everyone in the audience as well.

Member Wilson said he didn't know they were running for political office.

Meeting adjourned 12:46 p.m.

MAYOR KAREN FANN, Chairman

ATTEST:

LORRI CARLSON, Administrative Assistant



**UPPER VERDE RIVER WATERSHED PROTECTION COALITION
PRESCOTT, ARIZONA
April 22, 2009**

REGULAR BOARD MEETING MINUTES

A MEETING OF THE UPPER VERDE RIVER WATERSHED PROTECTION COALITION WAS HELD ON APRIL 22, 2009 in the Prescott Municipal Building, 201 S. Cortez Street, Prescott, Arizona.

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

ITEM NO 1. Introductions, Awards, or Presentations

Members Present:

Mayor Karen Fann, Town of Chino Valley, Chairman
Councilman Mike Flannery, Town of Prescott Valley, Vice Chairman
Chairman Ernie Jones Sr., Prescott-Yavapai Indian Tribe
County Supervisor Tom Thurman, Yavapai County (Sitting in for Supervisor Carol Springer)
Mayor Jack Wilson, City of Prescott

Members Absent:

Councilman Floyd Wright, Town of Dewey-Humboldt

Staff Present:

Ed Muccillo, Program Manager
Rick Shroads, Assistant Program Manager
Mark Holmes, Town of Chino Valley
John Rasmussen, Yavapai County
John Munderloh, Town of Prescott Valley

Guests Present:

Mayor – Elect Jim Bunker, Town of Chino Valley
Councilwoman Fran Schumacher, Town of Prescott Valley
James Lawrence
Linda Campbell
Doug McMillan
Thomas Slaback
Robert Arambula
John Olsen

ITEM NO 2. Call to Public



ITEM NO 3. Action – Approval of Minutes for Previous Board Meeting

VICE CHAIRMAN FLANNERY MOVED TO APPROVE THE MARCH 25, 2009 MINUTES; SECONDED BY MEMBER WILSON; MOTION PASSED UNANIMOUSLY.

ITEM NO 4. Discussion – TAC Meeting Summaries – April 8, 2009

Mr. Muccillo said they had three topics of discussions at the last TAC meeting. He said as far as grants, the RFP is out and the responses are due on May 18, 2009. He said the other two topics were recharge, which was covered today in the previous workshop meeting, and member contributions, which will be covered under Agenda Item 6.

ITEM NO 5. Discussion – Program Manager’s Report

Mr. Muccillo said the report is on pages five and six of the agenda packet and there was nothing out of the ordinary.

ITEM NO 6. Discussion – Member Contributions

Mr. Muccillo said this is a result of the last Board meeting and then discussed at the last TAC meeting regarding the budget process for all of the member entities and to check in with all of the members for next fiscal year’s contributions. He said as mentioned previously, the Town of Chino Valley is struggling with their portion. He said City of Prescott and Town of Prescott Valley both expressed it is ok to continue budget wise. He said the same with Yavapai County and Dewey / Humboldt and the Yavapai Prescott Indian Tribe. Mr. Muccillo said the TAC discussed how to handle this going forward including deferment, trimming something, focus of the TAC from here, and how to proceed regarding member contributions because the IGA is vague.

Chairman Fann said it sounds like Chino Valley is the problem if everyone else is ok with it.

Member Wilson said he believes that is correct for the City of Prescott but will really know in May.

Vice Chairman Flannery said as far as he knows Town of Prescott Valley is good.

Chairman Fann asked if the Town of Chino Valley is not able to pay then the Board needs to have a discussion not just for Chino Valley but in case it happens to one of the other member entities. She said whatever they decide on it will set some sort of precedent for the future for all of them. She said there is also concern for their WAC contributions as well.

Vice Chairman Flannery asked if the Town of Chino Valley might be able to commit to installment payments.

Chairman Fann said they have not had an opportunity as an entire council to discuss this and really cannot say.



Member Springer said she realizes that is a difficult situation and they would agree to defer payment and retain their membership. She said she thinks it is important to keep the Coalition together and if they could make a partial payment that would be fine or the Coalition can carry it on the books until they are able possibly up to three years. She said she would not have a problem with that because at this point they have no major expenditures that they can't cover with the revenues they have on hand in addition to what they will be receiving from the other entities.

Chairman Fann said that is why they need to have this conversation because she and Jim and Mark need to go back and say to the council here are the options.

Member Springer said she would put that in the way of a formal proposal, that they would retain the membership of the Town of Chino Valley and defer payment for up to three years if necessary.

Member Wilson said she concurs with Member Springer's proposal. It was agreed that this is discussion only and they can only give direction.

Vice Chairman Flannery asked if this is an exception for the Chino Valley case or something that is broad and generic broad and generic for everyone.

Mr. Muccillo said that is the question and if this is the only thing to happen they will be \$20,000 short until June 30, 2010 and they have time to adjust later. He said if other members start to have difficulty and the fund grows shorter they may need to reevaluate. He said he thinks if it gets broader than that then they have to have a different type of discussion and asked if it is up to three years how do they deal with kind of a shortfall. Mr. Muccillo asked if they would rather pinch projects or pinch program management. He said personally he would think they would want to pinch program management as opposed to projects.

Vice Chairman Flannery said he heard during the workshop that they all have financial issues and he would suspect that there is at least one other entity that might pursue something like that.

Chairman Fann said that is her concern because they are setting a precedent. She said she appreciates very much that they should all stay together as a team and asked if anybody cannot pay and they drop from the Coalition for a year until the economy gets better does that accomplish anything. Chairman Fann said it is difficult to say that Chino Valley does not have everything they would like to pay for but that is the reality of the time.

Member Wilson said given the circumstances they all could be there. He said he would rather look at this as an exception for Chino Valley and if something else comes up that is a separate discussion.

Vice Chairman Flannery said if they are going to take this on a case by case then he would rather look at this on an annual basis not a three year basis.

Mr. Muccillo said if it is a deferment they should decide what is the catch up plan.



Member Springer said when suggested the three years she intended that if Chino Valley cannot pay their \$20,000 this year but then could pay next year they would have three years to catch up the amount they are in arrears.

Chairman Fann said regarding the WAC she is concerned about other communities possibly in the same dilemma and so when the WAC is ready to do their budget and others say they cannot afford to pay their WAC contributions then the other members are left needing to pay more.

Mr. Rasmussen said he has only had a conversation with Mark Holmes about Chino Valley but not any of the other communities.

Vice Chairman Flannery asked to the WAC's budget there has not been any consensus in terms of downsizing that budget.

Mr. Rasmussen said he probably needs to have some answers for the Board at the next meeting.

Chairman Fann said she only brings it up because it is a reality that members of both may need to deal with the same issue.

Mr. Muccillo said something that is kind of related to how to deal with a deferment and possibly trimming program management would be giving thought to eliminating or reducing the number of meetings they have in a year. He suggested maybe two months on and one off or something like that that could save some money as opposed to the current schedule of 11 meetings per year.

Chairman Fann said for some reason everyone thinks they have to have meetings each month or quarter. She said there is nothing that says they cannot have it every six weeks.

Member Springer said the problem with that is that everyone generally works on such a tight schedule that having preset meetings they have the time blocked off. She said if they start varying the times they start getting into people's schedules.

Mr. Muccillo said if they dropped down to 8-9 meetings per year as opposed to 11 it would save them some money.

Vice Chairman Flannery said he is not sure it would save money but he said when they have events like today's where they have a work study and then a meeting following he thinks the meeting following is almost non-productive.

Member Wilson said he is a big fan of less meetings is better. He said just to have meeting for meeting is crazy and coming from a corporate environment he hates meetings. He said if you bring it up from program management then how about TAC. He asked if they will be meeting every month.

Mr. Muccillo said they are asking one of two questions because are they asking "if a member" or the "Town of Chino Valley."



Chairman Fann said she is concerned about setting precedent if Chino Valley is allowed to defer their payment.

Member Springer said they have pretty much already agreed that they are talking about Chino Valley as one discussion and if it comes up again then they will discuss it again. She said she thinks they have pretty much agreed on the payment schedule.

Chairman Fann confirmed that Chino Valley has the option to defer payment for one year with a three year payback.

ITEM NO 7. Discussion – Next Meeting Time / Location / Agenda Items

Mr. Muccillo asked if the Board would like to have a May meeting.

Member Wilson said he would vote no on a May meeting because they will have more information after they are through the budgeting process.

Chairman Fann said for the record since they are not going to have a May meeting that in the June meeting Jim Bunker will be Mayor at that time and that Mayor Jim Bunker will be a part of the Board. She said for the June meeting Lorri Carlson will need to read in that Mayor Bunker is the official for that and then the Board needs to have elections at the beginning of the meeting so someone can run it. She said Vice Chairman Flannery can run the meeting.

Vice Chairman Flannery said he will not be available.

Councilwoman Fran Schumacher said she will sit in for Vice Chairman Flannery.

It was agreed that the next meeting will be on Wednesday, June 24, 2009.

Meeting adjourned at 2:32 p.m.

MAYOR KAREN FANN, Chairman

ATTEST:

LORRI CARLSON, Administrative Assistant