

Is it imprudent to proceed with issues unresolved?

1. Many residents consider it prudent to resolve the legal and environmental issues surrounding the pipeline before building it. When you further realize that the City has enough assured water in its portfolio to continue the growth rate it has had for the past ten years for an additional 16 years, isn't it imprudent to proceed with the pipeline before these issues are resolved?

Response

Often time's government will react to a crisis circumstance that needs to be addressed immediately. In this case we would be imprudent only if we did not act to resolve our future water needs. Besides, when will it ever be less expensive to do this project?

Also, the statement that Prescott has twice the water in its portfolio to continue the growth rate it has had for the past ten years for additional 16 years strikes me as rather simplistic. No one has a crystal ball to predict the future. Our recent experience indicates to us that the future may vary from the past. We are seeing more dense developments; hence our pattern of water usage may vary significantly from the past.

Additionally, we are moving forward on offering Form-based or Smart Codes as an alternate to our current building codes. One of the advantages of Smart Codes is the fact they make it easier to implement mixed use and transit-orientated developments. This could easily results in a significant change in development patterns within the city as well as our annexation areas.

Finally, we are looking at this water to help us achieve our Safe Yield goal. The City of Prescott considers it prudent to plan for and address that issue now.

Will Growth Pay for the Water?

2. In Prescott's assured water supply portfolio, there is now more than twice the amount of water necessary to build on all lots within our city limits. Clearly, new water is not needed for growth within our city limits, and any water needed from the Big Chino will be for potential annexation areas. Assuming the legal and environmental issues surrounding the pipeline project are resolved, should potential annexation areas guarantee payment of the water? Should existing residents be put in a position where they will be guaranteeing any of the costs of the project in excess of the portion going to safe yield?

Response

We have a structure in place to pay for this project. Safe yield must be addressed. The option of using a public, private partnership is also in play. No matter how we do this, our community must address future needs, with or without annexations. Also, Prop. 400 helps frame how we will be using effluent which is vital to the overall solutions to future water issues.

As you know, part of the City of Prescott's water bills goes to the Alternate Water Fund. That fund's purpose is to secure alternative water supplies. Part of the purpose of securing alternative water supplies is to help attain our Safe Yield goal by 2025; however, that is not the only reason we are seeking those supplies.

Our Deputy City Manager, Craig McConnell focuses on major annexations as identified and approved by our voters in the Prescott General Plan. The approach we believe will be the most viable for payment of infrastructure in the planned annexation areas is the use of Community Facilities Districts. My Prescott 2050 Vision Sustainable Finance Committee strongly endorsed that approach. I should note for the audience, that committee included two local bank presidents, the president of Central Arizona Partnership and other respective members of the community with significant financial background.

Sorry, but I do not know how to estimate the cost of achieving safe yield. However, I am absolutely confident it will not get cheaper if we delay our current effort.

Will Growth Pay for Mitigation?

3. CWAG supports Prescott's policy of Growth Paying for Growth, as much as is practical. Do you support this policy? Under state law, impact fees cannot be charged after construction of homes. If after subdivisions are built, your monitoring shows a need for mitigation or a court requires mitigation, then growth cannot be charged for such costs. Please explain how mitigation costs will then be paid by growth, or will taxpayers or ratepayers have to pay?

Response

I support our policy of growth paying for growth and my voting record bears that out.

As I noted in my presentation, the city does not believe mitigation beyond what we have already done and what we have already planned for will be required. This question is based on conjecture, hence an answer would itself be conjecture and I prefer to deal in facts.

As I noted in my presentation, I do not believe the real issue is our proposed pumping from the Big Chino. The real issue of mitigation requires a basin-wide approach. SRP does not have the standing or authority to make that happen. I expect as we proceed forward that the municipalities will discuss that approach more fully. As we do that, I would expect we would bring all the stakeholders to the table as it will take a combined approach of many parties to address the real issues.

Also, to ensure the audience is fully aware of the current issues regarding impact fees I want to mention two additional items:

- a. First, I have chartered a Mayor's Advisory Committee on Impact Fee Alternatives chaired by Gary Hudder, President of the Yavapai County Contractors Association.
- b. Second, impact Fees are attacked every year in the legislature by the homebuilders associations and it is no different this year.
 - i. This year the homebuilders are pushing for a moratorium on paying the fees for at least 3 years or rolling the fees back to 2006 rates. If CWAG members are concerned about growth paying for growth, they need to contact their legislators on this issue.
 - ii. In the long-term view, I believe an alternative to impact fees needs to be developed. We are monitoring this situation closely and we are participating actively with the Arizona League of Cities and Towns and their members to look at the current situation and potential alternatives.

Point/Counterpoint

4. The *Daily Courier* has agreed to run a series of Point-Counterpoint pieces regarding issues surrounding the Big Chino Pipeline Project – such as the issues outlined in the above questions. The *Courier* has agreed to allow CWAG to represent the side questioning various components of the project plan. Will the City of Prescott participate by representing the other side?

Response

- I don't think it's necessarily productive to do a point-counterpoint.
- This issue has been too adversarial to date, and it shouldn't be an adversarial issue.
- We may have different points of view, but we all have the same end goal and I'm happy to participate in the discussion.
- If we can answer certain questions, we're happy to, as long as it's through educational forums/mechanisms and not an adversarial situation.