

**CITY OF PRESCOTT/TOWN OF PRESCOTT VALLEY
JOINT COUNCIL SPECIAL MEETING
Big Chino Water Ranch Project
MINUTES
February 11, 2010**

Founders Room, Prescott Public Library
215 E. Goodwin Street
Prescott, Arizona 86301
Meeting begins at 2:00 p.m.

- 1. Call to Order - Mayor Kuykendall, City of Prescott
- Mayor Skoog, Town of Prescott Valley*
- 2. Roll Call - Liz Burke, City Clerk
- Diane Russell, Town Clerk*

The meeting was called to order by Mayors Skoog and Kuykendall at 2:00 p.m. in the Founders Room, Prescott Public Library in Prescott.

The following Council members were present for roll call.

Town of Prescott Valley

Harvey Skoog	Mayor Skoog
Lora Lee Nye	Vice Mayor
Richard Anderson	Council member
Mike Flannery	Council member
Patty Lasker	Council member
Fran Schumacher	Council member
Harold Wise	Council member

City of Prescott

Mayor Kuykendall
Councilman Blair
Councilman Hanna
Councilman Lamerson
Councilwoman Linn
Councilwoman Lopas
Councilwoman Suttles

- 3. Introduction - Mayor Kuykendall welcomed everyone to today's meeting.*

City of Prescott City Manager Steve Norwood stated what a great day this is for the City of Prescott Active Management Area. Everybody has put their egos on the shelf and decided we need to come together for the betterment of all. It was determined that this would not be negotiated in the media, but that all components would come together for a win/win situation. Having the Salt River Project President and Vice President in

attendance at this meeting makes a strong statement. While this has been a difficult process at times to achieve, it never got personal. Both John Munderloh and Craig McConnell worked numerous hours and Mayor Kuykendall wouldn't let the process stall. We all did it, not just one. He expressed his appreciation to both councils for having the confidence to see this through to fruition and also expressed appreciation at having SRP attend today. Mr. Norwood introduced Craig McConnell, Regional Programs Director, who outlined the agreement under consideration.

Craig McConnell stated that SRP voted unanimously to approve this agreement this morning. The agreement shows good faith and intent of all parties involved. He pointed out that as the agreement stands now it is a general agreement presenting a guideline for more subsequent discussion in the future. It is a mutual goal to get a more detailed agreement. Five years from now may be the time needed to determine the detail. As for now, it is intended to build a framework and provide a timeframe.

Mr. McConnell stated that the four parties involved in the agreement are the City of Prescott, Town of Prescott Valley, Salt River Valley Water User's Association and the Salt River Project Agricultural Improvement and Power District.

Section 2 of the agreement addresses water withdrawal and use from the Big Chino Sub-Basin, including the protection of stream flow in the Upper Verde River.

Section 2(A) indicates SRP will join the other members in obtaining amending legislation to ARS 45-555(E) - Groundwater Monitoring and Modeling, during the current legislative session. Mr. McConnell indicated that there is active litigation regarding the constitutionality of ARS 45-555(e) and went on to say that regardless of the 2:1 result of the hearing the litigation will not be interrupted at this time. The legislative change is being pursued to reduce and minimize any future challenge to that that statute. It is important to note that should this not be resolved by June 30, 2010, then the agreement can be amended and/or the parties can return to status quo.

Mr. McConnell touched on Section 2A (2) regarding withdrawal of water from the Big Chino Sub-Basin negatively affecting the minimum flow of the water in the Upper Verde River and mitigation expectations. Section 2A (3) provides for a monitoring plan of which a considerable amount of research has already been done. Section 2B (A) states that Prescott and Prescott Valley shall agree to a stay in the two pending lawsuits that concern SRP's response to public records requests served on it by the two communities. The litigation can't go away even with this agreement, but will allow 'a time out' to suspend any further requests from each other at least until June 30, 2010, the amended legislation deadline.

Mr. McConnell continued that Section (2)(B)(2) stipulates that SRP, the City of Prescott and Town of Prescott Valley will agree to the quantities of water identified by the Final Decision and Order of the ADWR Director for purposes of preparing the legislative amendment. Regardless of the outcome of the three pending judicial appeals of the administrative decision SRP, Prescott and Prescott Valley agree that it shall not change

the quantity of water to be clarified in the legislative amendment nor will SRP object to the withdrawal from the Big Chino Water Ranch and transport of HIA water. The City of Prescott and Town of Prescott Valley will not be pumping near the Upper Verde - only from the Big Chino Water Ranch.

Section 2 (B) (3) states that SRP will suspend all litigation and support to other parties in the various lawsuits pertaining to the Application as well as any and all other current lawsuits pertaining to the Big Chino Sub-Basin and/or Upper Verde River which involve SRP, Prescott and/or Prescott Valley.

Mr. McConnell concluded with Section (3)(C) (1) which states that the parties will work together in good faith to resolve and reach agreement regarding the areas of SRP's recognition of the "IGA for the Sale of Water and Cost Participation" between Prescott and Prescott Valley, (2) the agreement will list a water rights appendix; (3) parties will work together on a withdrawal cap and replenishment of the aquifer which is complex and will involve stakeholders (ranchers, private properties); (4) monitor how much is being withdrawn, management in place which is embedded with big challenges; (5) Federal Wild and Scenic designation and maintaining a minimum in-stream flow which could be problematic.

Mayor Kuykendall asked if there were any comments from Prescott Council members.

Councilwoman MaryAnn Suttles stated she is pleased we could get together in joint session to do this. Councilman Jim Lamerson, in concert with Councilwoman Suttles, stated without Prescott Valley's recognizing the importance of this, it wouldn't have gotten this far. He expressed his thanks to SRP and the legislators who assisted in the process also.

Mr. John Sullivan, SRP said it was good to see everyone again. He sent greetings from SRP President John Williams who is in Board meetings today so was unable to attend. Mr. Sullivan said this is a fair arrangement that can be built on in the future to deal with their future water needs.

4. Consideration by Prescott City Council of Resolution No. 4006-1036, read in full pursuant to Article VII, Section 6, of the City Charter, approving and adopting the Agreement-in-Principle between the City of Prescott, Town of Prescott Valley, and Salt River Project regarding the Big Chino Water Ranch Project.

City of Prescott Councilman Hanna made the MOTION, seconded by Councilwoman Suttles, to authorize the reading of **Resolution No. 4006-1036** in full. City Clerk Liz Burke read the Resolution in its entirety. Mayor Kuykendall asked if the Resolution should be approved. The Resolution was UNANIMOUSLY approved.

5. Consideration by Prescott Valley Town Council of Resolution No. 1691, approving and adopting the Agreement-in-Principle between the City of Prescott, Town of

Prescott Valley, and Salt River Project regarding the Big Chino Water Ranch Project.

Town of Prescott Valley Mayor Skoog asked the Prescott Valley Council members if they wished to make any comments. Mayor Skoog commented that this has been a while in coming and thanked SRP, the legal teams, the City of Prescott and Town of Prescott Valley staff members for their hard work.

Town of Prescott Valley Vice Mayor Nye made the MOTION, seconded by Council member Wise, to approve **Resolution No. 1691**, by roll call vote. MOTION carried UNANIMOUSLY.

Mayor Kuykendall asked if there were any comments from the audience.

Public Comments:

Michelle Herrington: Ms. Herrington, formerly of the Center for Biological Diversity, stated that the agreement doesn't mention whether other citizen groups may be involved in this process.

Jerry Brady: Congratulated all for their work and time and stated we are at the threshold of where the Supreme Court suggests everyone begin the research.

Yavapai County Supervisor Chip Davis: This is the biggest step in 12 years and we have finally taken a step forward.

Leslie White: Said this is a wonderful start. Questioned whether the pipeline will be put on hold until the conflict issues are resolved?

In response it was stated that there are no prerequisites to be decided first. The pipeline will be constructed as demand for the water is made, the financing is in place and when all commissions and issues are resolved. The private property owners who own property in this area will have to have some involvement.

6. Adjournment

Mayors Kuykendall and Skoog asked for a MOTION to adjourn. Council member Wise made the MOTION, seconded by Vice Mayor Nye to adjourn by roll call vote. MOTION carried UNANIMOUSLY. Mayor Skoog adjourned the meeting at 2:45 p.m.

ATTEST:

APPROVED:

Diane Russell, Town Clerk

Harvey Skoog, Mayor

STATE OF ARIZONA)
COUNTY OF YAVAPAI)ss:
TOWN OF PRESCOTT VALLEY)

CERTIFICATE OF COUNCIL MINUTES

I, Diane Russell, Town Clerk of the Town of Prescott Valley, Arizona, hereby certify that the foregoing minutes are a true and correct copy of the Minutes of the Special Joint Meeting of the Town Council of the Town of Prescott Valley, City of Prescott City Council and SRP, held on Thursday February 11, 2010.

I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 23rd day of February, 2010

Diane Russell, Town Clerk