



# CITY COUNCIL WORKSHOP MEETING

## WORKSHOP MEETING MINUTES

**TUESDAY, JANUARY 3, 2023, 1:00 PM**

201 S Cortez Street  
Prescott, AZ 86303  
Council Chambers

Phil Goode, Mayor

Brandon Montoya, Mayor Pro Tem

Cathey Rusing, Councilmember

Eric Moore, Councilman

Connie Cantelme, Councilwoman

Steve Sischka, Councilman

Clark Tenney, Councilman

MINUTES OF THE WORKSHOP MEETING OF THE PRESCOTT CITY COUNCIL WORKSHOP MEETING  
HELD ON JANUARY 3, 2023, IN THE 201 S CORTEZ STREET PRESCOTT, AZ 86303 COUNCIL  
CHAMBERS.

### 1. CALL TO ORDER

Mayor Goode called the meeting to order at 1:00 p.m.

### 2. ROLL CALL

Phil Goode	Mayor
Brandon Montoya	Mayor Pro Tem
Connie Cantelme	Councilwoman
Eric Moore	Councilman – Excused
Cathey Rusing	Councilmember
Steve Sischka	Councilman
Clark Tenney	Councilman

### 3. DISCUSSION

- A. Discussion and Presentation Regarding Proposed Federal Designation of a Section of the Upper Verde River Between Paulden and Clarkdale as a *Wild and Scenic River*, and Whether the City Should Submit a Public Comment Letter Regarding the Draft Environmental Assessment by January 10, 2023.

Mayor Goode commented that this item was the genesis for the necessity for this meeting. The proposal for fish filters on the Verde River and in order to have an opportunity for the city to weigh in a notification is due by January 11th.

CWAG Member Gary Beverly thanked Council for their time and began with a presentation.

#### Wild and Scenic Rivers (WSR) Act:

\* Highest form of federal protection

\* Requires approval by US Congress and President

- \* Protects free-flowing rivers with Outstandingly Remarkable Values (ORVs)
- \* Preserves free-flowing character
- \* Creates a federal reserve water right
- \* Ensures water quality is maintained or enhanced
- \* Requires comprehensive river management plan (within 3 years of designation) – requires participation of stakeholders involved

#### Coalition Members:

- \* Yavapai-Apache Nation
- \* Sierra Club
- \* American Rivers
- \* American Whitewater
- \* Wilderness Society
- \* Defenders of Wildlife
- \* Arizona Wild
- \* Arizona Wildlife Federation
- \* Friends of the Verde
- \* CWAG
- \* Natural History Institute
- \* Verde Adventures
- \* Citizens

#### Tasks:

- \* Build community support – business support, government, agency support, community meetings
- \* Approach AZ Congressional delegation in Spring 2023
- \* Continued outreach and collaboration to draft legislation
- \* Introduce Upper Verde Wild and Scenic legislation

#### Draft Proposal:

- \* Total 74.1 river miles
- \* 23,712 acres – Upper Verde 44.5 miles, Lower Granite Creek 1.6 miles and Sycamore Creek 28 miles

Mr. Beverly stated that the proposed fish barriers would be located near Sycamore Creek and Hell Canyon which prompted the suitability study and the designation for the River. Draft proposal includes tributaries and additional area that is within Sycamore Canyon.

#### Suitability Study:

- \* Bureau of Reclamation proposed to barriers
- \* USFS Rules require Prescott National Forest (PNF) to conduct study
- \* Eligibility – does the river comply with basic requirements of WSRA
- \* Suitability – is this designation the best method to protect, are there more important issues

Requesting the city send a public comment supporting Alternative 2 by January 10, and request that citizens do so as well.

#### Outstanding & Remarkable Values:

- \* Scenic
- \* Recreational
- \* Cultural
- \* Wildlife
- \* Fisheries
- \* Botanic
- \* Compared to AZ – 5.8% of land area, 78% breeding bird species, 25 of 28 AZ bats and 17 of 19 carnivores, 5 of 6 ungulates, reptile diversity – 97% lizard and 68% snake
- \* Endangered Species – the Verde River watershed has 19 endangered species and an additional 16 sensitive species
- \* Native Fish – the Upper Verde River sustains four ESA listed native fish, three which have a critical habitat
- \* Birding Areas – Watson Lake, Tuzigoot, Upper Verde Wildlife Area all have IBA

#### Other WSR Impacts:

- \* No restriction on hunting, fishing, or other recreational activities
- \* Private Land – creates no authority to acquire, regulate or zone, does not constrain access
- \* No effect on existing water rights

#### Federal Water Rights:

- \* Established by case law and not statute (Winters 1908 and Cappaert 1976) established implicit rights to minimum water necessary to accomplish the purpose of land
- \* UVWSR Water right is junior to prior existing rights
- \* State administers rights, federal rights are in line with other claimants

Mr. Beverly stated that there is previous historic support for protection of the Upper Verde River in previous letters and in the Big Chino Sub-Basin Agreement. This is the last surviving perennial river in the state of Arizona, so it is critically important.

Councilman Tenney thanked Mr. Beverly for his presentation and asked what potential costs there could be related to this.

Mr. Beverly responded that PNF would administer the designation, this should be inexpensive to manage given the terrain and the fact that the National Forest has already been managing to some level since 2010.

Mayor Pro Tem Montoya thanked Mr. Beverly for his presentation, he added that this is a precious resource in our community, and it is about time this happened.

Councilmember Rusing commented that this designation is important to the central highlands and Yavapai County, hopes the designation will pass in our lifetime. She asked if the train along the Verde would be impacted at all in the Clarkdale area.



Mr. Beverly responded that the Verde Valley Railroad runs daily trains from Clarkdale to Perkinsville, the tracks are private property within the corridor and private property is not impacted by the WSR status.

Councilman Sischka thanked Mr. Beverly for his presentation and stated that he is in support of this. He asked about the catchments for fish and how that would have impacted the flow of the river.

Mr. Beverly stated that he conducted fish monitoring studies for nearly a decade and found that 80% of the fish were non-native, one way to protect the native fish is to place these barriers and “renovate the river” which is an expensive task. Bureau of Reclamation has not attached any process for the installation of these so there are issues with the proposal. Properly installed barriers are not inconsistent with WSR and will protect native fish while still protecting the river. Alternative 2 is suitable with fish barriers and supports the contention that BOR can do barriers that are less impactful than what is proposed.

Councilwoman Cantelme asked if the designation would give a municipality a better way to manage the destructive behavior like ATVs in these areas, if there are measurements for how far off the river the designation covers and if the designation allows the opportunity for attracting grant funds for the area.

Mr. Beverly responded that the PNF would have to manage the area based on a Management Plan which would be crafted by the participants. River cannot exceed 320 acres per square mile per the WSR Act, once the river is designated the Managing Agency sets the boundary. He is unsure on the grant funding, but he would think it would lend itself to opportunity.

Mayor Goode commented that this river needs to be protected, it is extremely valuable for Northern Arizona. He asked if any comments have been received from SRP. He is in support of this.

Mr. Beverly responded that he has spoken with them and they see no problems with this, he has a scheduled meeting on January 13 and will be asking for support then as well.

Councilman Tenney asked if the river is designated what will be better in the future.

Mr. Beverly responded that it will increase the care that cities will take as they perform actions in the Big Chino that could affect the River.

Member of the public Joel Barnes addressed Council and thanked them for their support. He has lived in the area since 1978 and understands the importance of the river for our community.

Member of the public Joanne Oellers addressed Council as Chair of Save the Dells and spoke in support of the recommendation for WSR Designation. Preserving the free-flowing character of the river is extremely important and will represent a legacy of conservation in the area.

Member of the public Howard Mechanic addressed Council and thanked Mr. Beverly for his work on this project, this is just a first step. Best result will be to educate the public of the value of the Verde River and ensuring the flow continues.

Member of the public Joe Trudeau addressed Council as a collaborator on the Coalition for this purpose. He added that there is strong business support on this matter, Camp Verde is also working on a Resolution, there is incredibly high-water quality in the Upper Verde River, and American Rivers is part of the coalition as well who recognize the Upper Verde as the ultimate example of what a WSR should be. He also stated that we are in a period of speculative water development projects in AZ and something could be proposed in that area as well, but with this designation there would be no path forward for that type of project.

**MOTION BY MAYOR PRO TEM MONTOYA TO SUPPORT THE DESIGNATION OF THE VERDE RIVER AS WILD & SCENIC; SECONDED BY COUNCILMAN SISCHKA: PASSED [6 – 0].**

**MOTION BY MAYOR GOODE TO SUBMIT A LETTER SUPPORTING ALTERNATIVE 2 AS PRESENTED AND EXPRESSING CONCERN REGARDING DESIGN OF FISH BARRIERS; SECONDED BY COUNCILMAN SISCHKA: PASSED [6 – 0].**

B. Approval of Appointment of Tyler Goodman as Interim City Manager.

Human Resources Director Branden Nunez provided a presentation to Council regarding the appointment of Mr. Goodman while the position is recruited for.

Mayor Goode commented that it is critical that Council have a representative who is familiar with the number of important issues that are being negotiated at this time (city hall, AVO, amendments to Deep Well Ranch Master Plan). He added that he has been approached by people who wanted to step in as an interim from outside the area, but these things cannot be put on hold and Mr. Goodman's involvement in all of these has been extensive and he is comfortable with his ability to step-in. Mr. Lamar has also made himself available for consulting if necessary.

Councilmember Rusing stated that she supports the appointment of Mr. Goodman, he is very involved in the community, and we are fortunate to have a smooth transition. There will be a six week overlap and wondered why the appointment is happening now.

Mr. Nunez responded that this is done when the responsibilities will be significant, Mr. Goodman is already participating in meetings and taking on additional duties in preparation.

Mayor Pro Tem Montoya stated that he supports Mr. Goodman's appointment and feels he will do a great job, he sees this as the role of the City Manager is so critical and Mr. Goodman has had his own responsibilities and he needs to get up to speed on some of the things that need to come up. He is happy with the level of support Mr. Goodman has from other staff and Directors; the city is fortunate to have someone in place who is already deeply involved.



Councilman Tenney echoed Mayor Pro Tem Montoya's comments. Overlap is key in a critical position like this. Mr. Goodman has experience with key issues that are before the city and Council, he is well respected and valued by everyone around him.

Councilman Sischka commented that he appreciates how Mr. Lamar has taken Mr. Goodman under his wing he is imminently qualified for this role.

Councilwoman Cantelme echoed Council comments, she thanked Mr. Goodman for his great demeanor.

Mayor Goode added that Mr. Goodman has support of staff and is informed and connected with our legislative representatives as well. He does a wonderful job articulating the issues to the public.

**MOTION BY COUNCILMAN TENNEY TO APPROVE APPOINTMENT OF TYLER GOODMAN AS INTERIM CITY MANAGER; SECONDED BY COUNCILMAN SISCHKA: PASSED [6 – 0].**

- C. Receive a Presentation from Staff Regarding a Letter Received From the Town of Prescott Valley for a Proposed Investment Plan for Prescott AMA Safe-Yield Goal with Verde River Flow Protection; and Possible Adjournment to Executive Session to Discuss and Consult with the City's Attorneys for Legal Advice, to Consider the City's Position and Instruct its Attorneys and Necessary City Employees, and Discussions Regarding Possible Settlement Discussions Pursuant to A.R.S. § 38-431.03(A) (3) and A(4).

City Manager Michael Lamar addressed Council regarding Prescott Valley's (the Town) discussions with WIFA for funding opportunities related to water projects, the letter from the Town is a draft which contains a pitch for which WIFA could be of assistance for the Big Chino Water Ranch Project.

City Attorney Joseph Young added that previous IGA with the Town and Prop401 would be the necessity to convene Executive Session should Council chose to adjourn for legal advice.

Mayor Pro Tem Montoya stated that he does feel legal advice is important for the two items Mr. Young mentioned. He appreciates the Town coming forward with the letter, he believes this is a good starting point for discussions on this but does feel that the cost is being significantly underestimated. There are also other partners to consider and stakeholders for a project like this. Spoke with Rep Ken Bennet who said he planned to bring together stakeholders to have discussions regarding water issues in this area. Doesn't feel we should feel pressured to make a decision until they have all the information, and the modeling is complete.

Public Works Director Ashley Couch addressed Council regarding the inflationary factor related to this project and stated that a figure of 60% was used for this. He additionally used a 72% inflation factor on his number (two pieces of this project have already been constructed) took those costs and divided by the 2008 report costs and are in the same ballpark for costs. The Town is asking for a letter of intent (LOI) to submit a letter for grant funding likely in the amount of \$150 million.

Deputy City Manager Tyler Goodman reviewed the proposed cost breakdown and added that the partner share is in the amount of \$116 million.

Mr. Couch added that this letter also proposed water being pumped through a smaller diameter pump and sent to Little Chino to recharge, rather than directly to customers as was proposed in the original IGA between the city and the Town. There are new rules related to this funding.

Councilmember Rusing said she is concerned about this letter and how it was presented. The public hasn't even seen this letter and believes we need to have a study session and have input before moving forward with any additional discussion. There is no way we can reach safe yield and this is only about pumping more to deplete another aquifer. The Town pumps the Little Chino and then recharges the Agua Fria. She feels the city needs more transparency and public input.

WIFA Sr. Program Administrator Lindsey Jones participated virtually and addressed Council. She stated that it is their understanding the Water Augmentation Fund is not a grant program but an investment fund so there would be loans or investment opportunities which is an important distinction. There are other funding options for these types of projects though that the city could look into.

Mayor Pro Tem Montoya thanked Ms. Jones for her clarification on this and asked her to expand upon "investment opportunities".

Ms. Jones stated that public-private partnership opportunities to help pay for water projects, there is information in the statutes but it is not entirely clear. This new funding opportunity is unprecedented and there are many things, including rules, that need to be worked out, should have a better idea in the next few weeks or months.

Mayor Goode asked what percentage of total funding is grant funding.

Ms. Jones said this is a separate fund in the amount of \$200 million in AARPA funds, there is \$3 million for projects or \$250,000 for projects with a match.

Councilman Sischka stated that what was agreed to previously would come out and be ready to move forward, but whether it is the right thing to do is a different conversation. The city can't conserve ourselves to safe yield, it's been long understood that one of the only ways to achieve safe yield was to import water. Time to look at possibilities going forward.

Mayor Goode commented that this proposal fell out of the sky over the last week and the idea that it was necessary to put together an MOU or LOI to present to WIFA, so a discussion needed to be held. Feels the cost projections need to be looked at in a very comprehensive way, Prop401 was put together so the public can look at a project like this. Would not put taxes or other burdens on them without their support, and certainly couldn't even do so. Need to deliberately look at this before considering doing anything.



Councilwoman Cantelme asked what Council is being asked to do today specifically and if the “placeholder” could be withdrawn if it isn’t needed. Need to explore this in depth.

Mr. Lamar responded that the request is to cosign a letter to explore this further but doing so with the amount of questions Council has is premature. If they are not ready for the perception that Council may do something it may not be appropriate to sign a letter.

Mayor Pro Tem Montoya concurred that this conversation has to happen but there is not nearly enough detail particularly because coming in today they were under the impression that the \$150 million was a grant and they’ve now found out that isn’t accurate. One of the chief things to consider is the cost of the project.

Mr. Couch stated that the Town was under the impression that the \$150 million was grant funding which is why the city was approached.

Mayor Goode added that anyone else who would potential “get in line” would have some of the same questions that the Council has.

Councilmember Rusing stated that she has a fiduciary duty to Prescott and believes in sustainable growth through wise management of water/water policies. The Town has a different philosophy and wants to become the biggest community in Northern Arizona, and she believes this is a scheme to use safe yield as a goal when the main purpose is to build the pipeline so the Town can grow even faster.

Member of the public Gary Beverly addressed Council and feels that this letter is inaccurate. The funding is for water imported from out of state, secondly there is no rush. CWAG is very critical of this, but there are some positives in this: focus on conservation easements is important, the Town's acknowledgment that safe yield is a problem, regional project and plan are important, conservation is important. Negatives: bad science (clay plug has been disproven by USGS), Big Chino is no solution to safe yield, recharging the little chino is ridiculous, transparent attempt to evade the right of the voters to weigh in on a project like this, recovery wells are to be used for recharged wastewater.

Member of the public Howard Mechanic addressed Council and stated this is not the time, the monitoring report hasn’t even come in and shouldn’t go ahead with project before that. AMA can reach safe yield if it wants to, appreciates the interest that the Town is showing related to that but have never dedicated any of their water to that. Prescott has enough water rights now to serve all projected development, the only possible way to use the Chino is to get to safe yield as part of an overall plan. Should be a vote of the public if anything like this is done and any agreement with the Town should say that it must be part of an enforceable agreement and establish a state sanctioned replenishment coalition.

**MOTION BY MAYOR PRO TEM MONTOYA TO CONVENE EXECUTIVE SESSION;  
SECONDED BY COUNCILMAN TENNEY: PASSED [5 – 1] COUNCILMEMBER RUSING  
DISSENTING.**

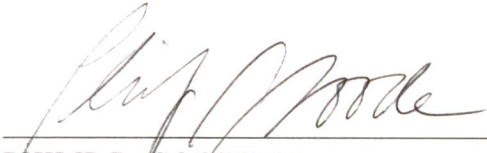


*Open Session was reconvened at 4:21 p.m.*


Mayor Goode stated that staff has been directed to send a letter to the Town thanking them for the opportunity to participate in the investment plan, but the Council needs to have a number of issues clarified before taking part in an LOI and would like to have a sit down discussion regarding the next steps. Two members from the City of Prescott (Mayor and Mayor Pro Tem) and two representatives from their elected body and appropriate staff members.

**4. ADJOURNMENT**

There being no further business to discuss, Mayor Goode adjourned the meeting at 4:23 p.m.

  
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PHILIP R. GOODE, Mayor

ATTEST:

  
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SARAH M. SIEP, City Clerk

**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Workshop Meeting of the City Council Workshop Meeting of the City of Prescott, Arizona held on January 3, 2023. I further certify the meeting was duly called and held and that a quorum was present.

Dated this 25 day of January, 2023.



  
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Sarah M. Siep, City Clerk