



## TOWN OF PRESCOTT VALLEY STAFF REPORT

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**DATE:** June 27, 2024

**TO:** Mayor & Town Council

**THROUGH:** Gilbert Davidson, Town Manager

**FROM:** Neil Wadsworth, Utilities Director

**DEPARTMENT:** Utilities

**AGENDA TYPE:** Consent Agenda

**SUBJECT:** Renewal of Type 2 Water Right Lease Agreement w Arizona Eco Development LLC - Consideration & Possible Action (Approve) [Tracy Lund, Water Resources Advisor]

**VISION 2024 FOCUS AREA:** Responsible planning for sustainable water management and land conservation.

### **SUMMARY/BACKGROUND:**

The Town of Prescott Valley owns a Type II Non-Irrigation Grandfathered Groundwater Right (58-111699.0004) to withdraw up to 75 acre-feet of water per year from the Prescott AMA Groundwater Basin. This right is owned by the Town to provide operational flexibility for such things as establishing new service areas, developing wells, and other unusual circumstances.

In 2017, 2019, and again in 2022, the Town Council approved one-year lease agreements with an option to continue for one additional year on a monthly basis to Arizona Eco Development, LLC. Arizona Eco Development, LLC wishes to again lease the Type II water under a new agreement on an annual basis (with the option to continue the same on a month-by-month basis). The water will be used as construction water for the proposed Jasper development. Such use of this water right conforms to Arizona law and provides the Town an opportunity to exercise the right, reduce impacts to the Town's Service Area water rights (that would

otherwise by impacted by use of construction water), and recover costs for the purchase of this Type II Right.

The payment rate under this lease is based on the established market value for water specified in the Effluent Water Auction Agreement dated November 19, 2007, between the Town and Water Property Investors plus 10% (as required by Section 12.15 of that Agreement). The market value was set at \$35,000 per acre-foot for a 100-year supply in a previous resale agreement (or \$385.00 per acre-foot/year...\$350.00/acre-foot/year + 10%). Revenue under this agreement for the 2024 calendar year will be \$28,875.00.

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**RECOMMENDED MOTION:**

Motion to approve this Type II Water Right Lease Agreement between the Town and Arizona Eco Development, LLC.

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**STAFF RECOMMENDATION:**

Staff recommends approval of this Type II Water Right Lease Agreement with Arizona Eco Development, LLC.

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**FISCAL ANALYSIS:**

The Type II Water Right Lease Agreement will result in \$28,875.00 revenue during each year of the agreement.

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**Council Action at the Meeting:**

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**ATTACHMENTS:** Yes