



Prescott Valley: Town Council approves plans for effluent credit auction

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PRESCOTT VALLEY - The town government will proceed with plans to sell 2,724 acre-feet of effluent credits during an auction Oct. 29-30.

"Everything is a go," Mayor Harvey Skoog said after the three-hour meeting Thursday. "We've got about a \$53 million deal."

Skoog was referring to the projected revenue that the town expects to receive from the sale of the credits.

Skoog and his council peers voted unanimously for a resolution to reschedule the auction for Oct. 29 and 30. The council initially scheduled the auction for Nov. 1-3, 2006, but it drew only one qualified bidder, Aqua Capital Management LP of Omaha, Neb.

In a related move, the council voted for a contract with WestWater Research LLC of Vancouver, Wash., to help the town develop, promote and conduct the auction.

The council actions also followed about nine months of negotiations with Aqua Capital in which the town's attorneys reached an agreement that set a price floor for the sale of the effluent credits.

The agreement sets the price floor at \$19,500 per acre-foot. However, other developers or investment groups that want to participate in the auction must submit minimum bids of \$22,500 per acre-foot.

If the town were to sell the credits to other parties, the town must pay a "break-up" fee to Aqua Capital, according to the price-floor agreement that the council approved Aug. 23.

Council members and staff hailed the price-floor agreement as a major boon to the town in which they made the sale of credits for recycled water into a commodity.

"By the sale of effluent credits, that will give us the financial wherewithal to expand our (aquifer) recharge capabilities and also to continue working with our partner city of Prescott as it relates with design and our land acquisition for the pipeline right of way," Town Manager Larry Tarkowski said after the meeting. He was referring to the participation of Prescott Valley and Prescott in a project to pipe water from the Paulden area.

However, the council decisions drew some skepticism.

"They are acting like they are creating water," Joanne Oellers of the Center for Biological Diversity said after the council meeting. "That's not a recycling system because (the effluent) is not going back into the aquifer."

Oellers' organization, based in Tucson, has threatened to sue Prescott Valley and Prescott over the pipeline project, fearing it could damage the ecosystem of the Verde River.

The discussions on the water auction concluded a busy agenda. Councilwoman Fran Schumacher did not attend the meeting because she is recovering from an illness.

In other actions, the council:

Approved an intergovernmental agreement with Yavapai County for the second phase of a flood control channel that will carry runoff from Glassford Hill.

Introduced an ordinance for a zoning map change from residential to a commercial planned area development for 52 acres at the northeast intersection of Glassford Hill Road and Lakeshore Drive.

The Fain Signature Group made the request.

Approved the first reading of an ordinance, which Fain

Signature Group sought, to change the zoning on 14 acres at the northeast intersection of Civic Circle and Lakeshore Drive from residential to a commercial PAD. The ordinance, when approved, also will rezone 12 acres south of the Windsong Drive extension and Loos and Civic Circle drives to a residential PAD.

Approved the final development plan for the Comfort Suites & Hotel on Market Street across the Kia dealership.

Approved the final development plan for the new library.

OK'd revised personnel policies that, among other things, would grant incentive pay to some bilingual employees.