

POSITION:

Operation of Antelope Hills Golf Courses



In the Prescott region, our water supplies are not currently sustainable. As this fact has gained recognition, the importance of effluent (treated wastewater) as an alternative water source has greatly increased. In spite of this increase in importance, the City of Prescott has not reevaluated an appropriate price for effluent since before 1997. As a result the city has been undercharging users of effluent, which primarily are golf courses.

The issue of the price of effluent is important because the city may enter into a contract with a private party for the management of its two Antelope Hills golf courses. A contract would affect how the city continues to use effluent to irrigate the courses and how costs for effluent are charged to the courses.

Undercharging users of potable water or effluent is undesirable because there is less incentive to conserve, scarce water resources can be misallocated and, because Prescott's water system is an enterprise fund, reductions in receipts from one sector must be made up by other users.

The two Antelope Hills golf courses use about 800 acre-feet per year of treated effluent. The golf courses are charged approximately 11% of the price of potable water for the effluent they use. Because Prescott can use all of its effluent, both now and in the future, to obtain credits to pump groundwater for new subdivisions or, preferably, to leave in the aquifer to help us reach safe yield, the city is greatly underpricing effluent.

Based on studies in other areas like Prescott where jurisdictions do not need to promote the direct use of effluent, an appropriate price for Prescott's effluent could be in the range of around 75% to 90% of the potable rate. If the Antelope Hills courses were to use this rate for effluent, they would be charged over \$1 million per year additional for the effluent. It is also apparent that the cost of additional sources of water, such as through importation, is expected to be much greater than the current water cost and this would further increase the value of effluent beyond the current potable water cost.

Based on the above:

1. Any contract with a private party to operate Antelope Hills must not interfere with Prescott's ability to revise the price charged for effluent.

2. Any contract must allow Prescott to implement water conservation measures on the courses or make modifications to the courses that Prescott considers to be reasonable to protect our valuable water resources.

Adopted February 10, 2014 (BD)