

**City of Prescott  
Town of Prescott Valley**

**Joint Council Work-Study Meeting**

**Big Chino Water Ranch Project Update**

August 12, 2008

1:00 PM

Hassayampa Inn



# Introduction & Purpose

- ▼ Mayors
- ▼ Council Members
- ▼ Project Team Members
- ▼ Expected Outcome of Meeting
  - Update Councils on Status and Direction of Project
  - Feedback from Council to Project Team
- ▼ Meeting Format



# History - Safe Yield Requirement and Importation Authority

✓ Rita Maguire, Maguire & Pearce PLLC

Director, Arizona Department of Water  
Resources, 1993-2001.



# 1980 Groundwater Management Act

- ✓ Ensured completion of the Central Arizona Project
- ✓ Created AMAs:
  - ✓ Established groundwater rights & permits
  - ✓ Set long-range water management goals
- ✓ Imposed “Safe Yield” Goal for certain AMAs, including PRAMA
- ✓ Established ADWR

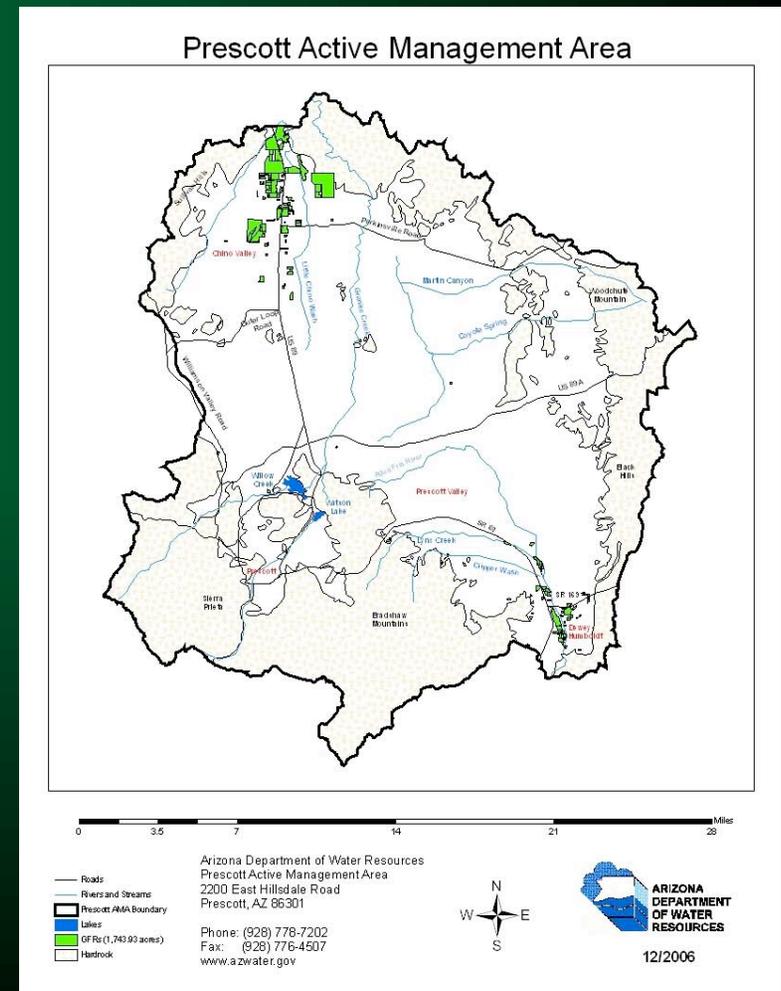






# Declaration of Groundwater Mining in Prescott AMA

- In 1999, ADWR declared that the Prescott AMA was no longer in a state of “Safe Yield”
- Limited use of groundwater to supply new subdivisions within PRAMA
- Imposed conservation practices and Assured Water Supply Program requirements on municipal water users within PRAMA





# Transportation of Groundwater

State law authorizes transportation of groundwater from 5 basins (listed below) to the 4 initial Active Management Areas

- ✓ Big Chino Sub-basin
- ✓ Butler Valley
- ✓ Harquahala INA
- ✓ McMullen Valley
- ✓ Yuma Basin





## Big Chino Sub-basin A.R.S. § 45-555

- ✓ **Subsection A:** A city or town that owns historically- irrigated land (or has the landowner's consent) may transport groundwater from the Big Chino Sub-basin to the adjacent AMA in the amount of 3 acre-feet per acre of historically-irrigated land
  
- ✓ **Subsection E:** Prescott may transport up to 14,000 af/year:
  - To facilitate directly or indirectly the settlement of the Yavapai-Prescott Indian Tribe and Camp Verde Yavapai-Apache Indian Community water rights claims
  
  - In exchange for replacement or substitution of CAP supplies



# Current ADWR Proceedings

▼ Michael Pearce, Maguire & Pearce PLLC

Chief Counsel, Arizona Department of Water Resources, 1993-2001.



# Regulatory Oversight by Arizona Department of Water Resources

- Application for Modification of  
Designation of Assured Water Supply
- ADWR Rules Implementing  
A.R.S. § 45-555



# Modification of Designation of Assured Water Supply

- ✓ Application filed October 12, 2007 requests 26,342.46 AF average
- ✓ Includes Big Chino Importation of 9,570.6 AF/yr, expanding for additional service to YPIT, and adjustments for YPIT effluent



# Modification of Designation of Assured Water Supply

- ✓ Hydrologic study prepared by Southwest Groundwater Consultants, Inc. shows 14,000 af/yr physically and continuously available from Big Chino Sub-basin
- ✓ Status of Application
- ✓ Public Notice, Public Comment and Substantive Review



# Groundwater Transportation Rules

- ▼ Rulemaking Process mandated by Governor's Regulatory Review Council
- ▼ Public Meetings and Comments
- ▼ Quantification of Importation Quantity for Historically Irrigated Acres
- ▼ Location of Groundwater Capture



# Project Design: Engineering, Design and Property Acquisition

- ✓ James Holt, Water Resources Manager, Big Chino  
Project Manager, City of Prescott

Area Director Prescott AMA, Arizona  
Department of Water Resources, 2000-2005



# Engineering & Design

- ▼ Pipeline
- ▼ Pump Stations
- ▼ Well Field
- ▼ APS Coordination





# Easement and Property Acquisitions

- ✓ Pipeline Alignment
- ✓ Arizona State Land Department
- ✓ Intermediate Pump Station





# General Status of Issues Raised: USF&W, CBD

✓ Norm James, Fennemore Craig PC

Director, Natural Resources and Environmental  
Law



# Overview of the Endangered Species Act

- ✓ Section 9 of the Endangered Species Act prohibits activities that “take” members of a listed species.

“Take” means “to harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, or collect, or attempt to engage in any such conduct” with respect to listed species.

“Harm” is defined by regulation, and includes modification of a species’ habitat, but only if the action:

- (1) *significantly* modifies or degrades habitat,
- (2) *significantly* impairs essential behavior patterns, and
- (3) *actually kills or injures wildlife.*

- ✓ The Act is directed towards projects anticipated to actually “take” members of listed species, not those with a possibility of modifying habitat.



# Overview of the Endangered Species Act (continued)

- ✓ If a “take” were anticipated, an Incidental Take Permit (ITP) could be sought based on a Habitat Conservation Plan (HCP).
- ✓ A HCP specifies:
  - (1) impact from any taking;
  - (2) steps to mitigate impact and available funding;
  - (3) alternatives (and reasons why the alternatives weren't chosen); and
  - (4) any other measures USF&W requires.



# Incidental Take Permits

- ✓ An Incidental Take Permit (ITP) would be a voluntary action pursued only if a “take” were anticipated.
- ✓ The time and expense of an ITP would be inconsistent with a project designed to avoid a “take” in the first place.



# Environmental Impact Statements

- ✓ Environmental Impact Statements (EIS) under the National Environmental Policy Act apply only to federal agencies and actions.
- ✓ An EIS is procedural in nature. The time and expense involved in an EIS would be inconsistent with a project that is already authorized under state law.



# General Status of Issues Raised: ADWR, SRP, and Chino Valley

- ✓ John Munderloh, Water Resources  
Manager, Town of Prescott Valley

Coordinator, Yavapai County Water Advisory  
Committee, 1995-2005



# Agency Coordination

- ✔ Salt River Project,  
ADWR, USGS, City  
& Towns
- ✔ ‘Good Faith’  
Discussions





# Regional Community Coordination

- ✓ Prescott, Prescott Valley & Chino Valley
  - Meetings between Managers and Staff
  - Single pipeline discussions predicated on:
    - Point of withdrawal above the ‘Clay Plug’
    - Fair share of costs
  - ‘Good faith’ term sheet to be developed





# Project Financing

- ▼ Steve Norwood, City Manager, City of Prescott
  
- ▼ Larry Tarkowski, Town Manager, Town of Prescott Valley



# Project Financing

<b>Expenditures to-date</b>	
Big Chino Water Ranch	\$ 23,300,000
Hydrology	\$ 1,960,000
Engineering & Design	\$ 7,960,000
Easement Acquisition	\$ 120,000
Other	\$ 1,160,000
<b>Total</b>	<b>\$ 34,500,000</b>



# Project Financing

- ✓ Traditional Municipal Bond Financing
- ✓ Alternative Financing Options
  - Public-Private Partnership
    - Solicitation in Early September
    - Discussions w/ Interested Parties this Fall
    - Results in January 2009
  - Other Considerations
    - Special Districts
    - Purchase of Development Rights Program
    - Management Authorities



# Council Feedback & Closing

- ✓ Next Joint Session – January 2009
  - Project Update
  - Financing Alternatives
- ✓ Comments, Observations and Questions from Mayors and Council Members