

City of Prescott
Town of Prescott Valley

Presentation to
Citizens Water Advocacy Group (CWAG)

Big Chino Water Ranch Project Briefing

Prescott Mayor Jack D. Wilson

March 14, 2009

We will talk to anyone

Got questions?

Want answers?

We will speak to your group

Our goal is transparency



Introductory thoughts



“Every man has a right to his opinion, but no man has a right to be wrong in his facts.”

Bernard Baruch

- ✔ It is easy to get fact and opinion confused when discussing water issues.
- ✔ Fact + assumption \neq valid conclusion

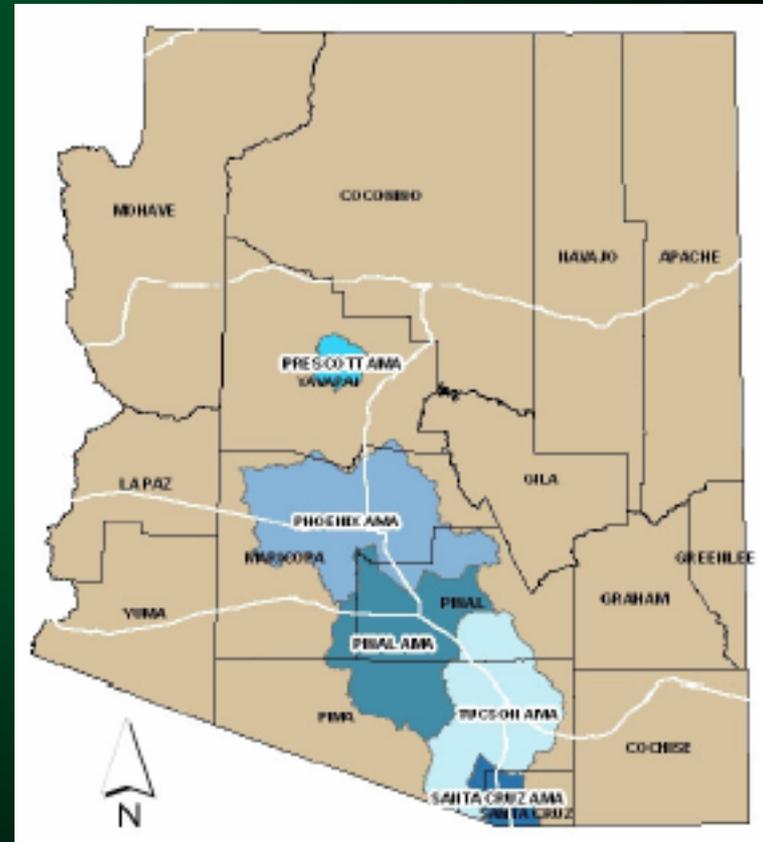
1980 Groundwater Management Act

- Ensured completion of the Central Arizona Project (CAP)
- Created Active Management Areas (AMAs):
 1. Established groundwater rights & permits
 2. Set long-range water management goals
- Imposed “Safe Yield” Goal for certain AMAs, including Prescott AMA (PrAMA)
- Established Arizona Dept. of Water Resources (ADWR)



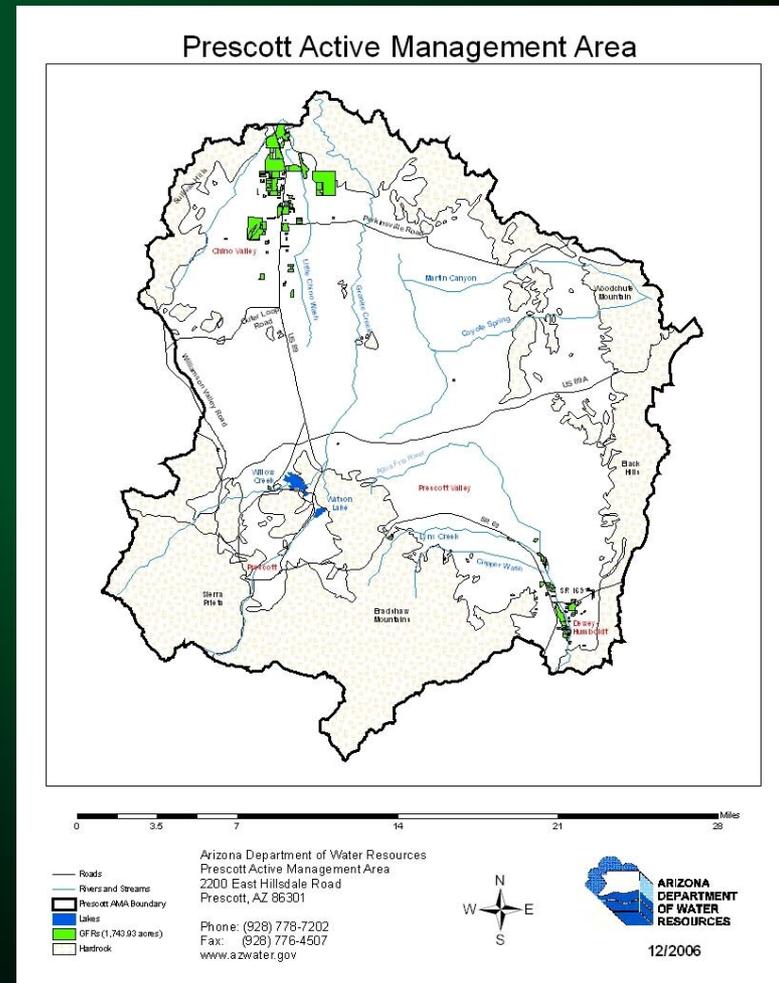
Active Management Areas (AMAs)

- AMAs comprise approximately
 - 80% of population
 - 75% of water consumption
 - 13% of land
- 4 of the 5 AMAs have a mandated goal of Safe Yield by 2025
- All new irrigation for agricultural purposes is banned in AMAs & Irrigation Non-Expansion Areas (INAs) after 1980



Declaration of Groundwater Mining in Prescott AMA

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



Prescott's Water Management Strategy

- ✓ Located entirely within PrAMA, Prescott first looks to in-basin supplies:
 - AMA groundwater supplies that are consistent with ADWR Management Goal of safe-yield by 2025
 - Effluent that is treated, stored underground and recovered for use in our service area
 - Granite Creek surface water (from CVID transaction) which is also stored underground and recovered for use in our service area

Prescott's Water Management Strategy

- ✓ Prescott looks to imported water supplies from outside the PrAMA:
 - In support of safe yield goal
 - As additional water supplies for our long term water needs and our future economic vitality

Reaching Safe-yield & Alternative Supplies

- ✔ Federal funding for completion of CAP formed basis of Arizona 1980 Groundwater Management Act
- ✔ City of Prescott and Yavapai-Prescott Indian Tribe (YPIT) granted CAP allocations in 1983 – envisioned as the safe-yield supply
- ✔ No practical delivery infrastructure or exchange mechanism
- ✔ Groundwater Transportation Act in 1992 identifies Big Chino Sub-basin groundwater (ARS §45-555(E)) as replacement for CAP allocations and solution to safe-yield within PrAMA



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

1994 YPIT Water Settlement

- ✔ Prescott commits to perpetual, first priority water service to YPIT
- ✔ Prescott commits to provide sewer service to the Tribe
- ✔ Prescott recognizes Tribe's first priority right to Granite Creek
- ✔ Prescott recognizes Tribe's right to use any effluent generated on the reservation

1994 YPIT Water Settlement

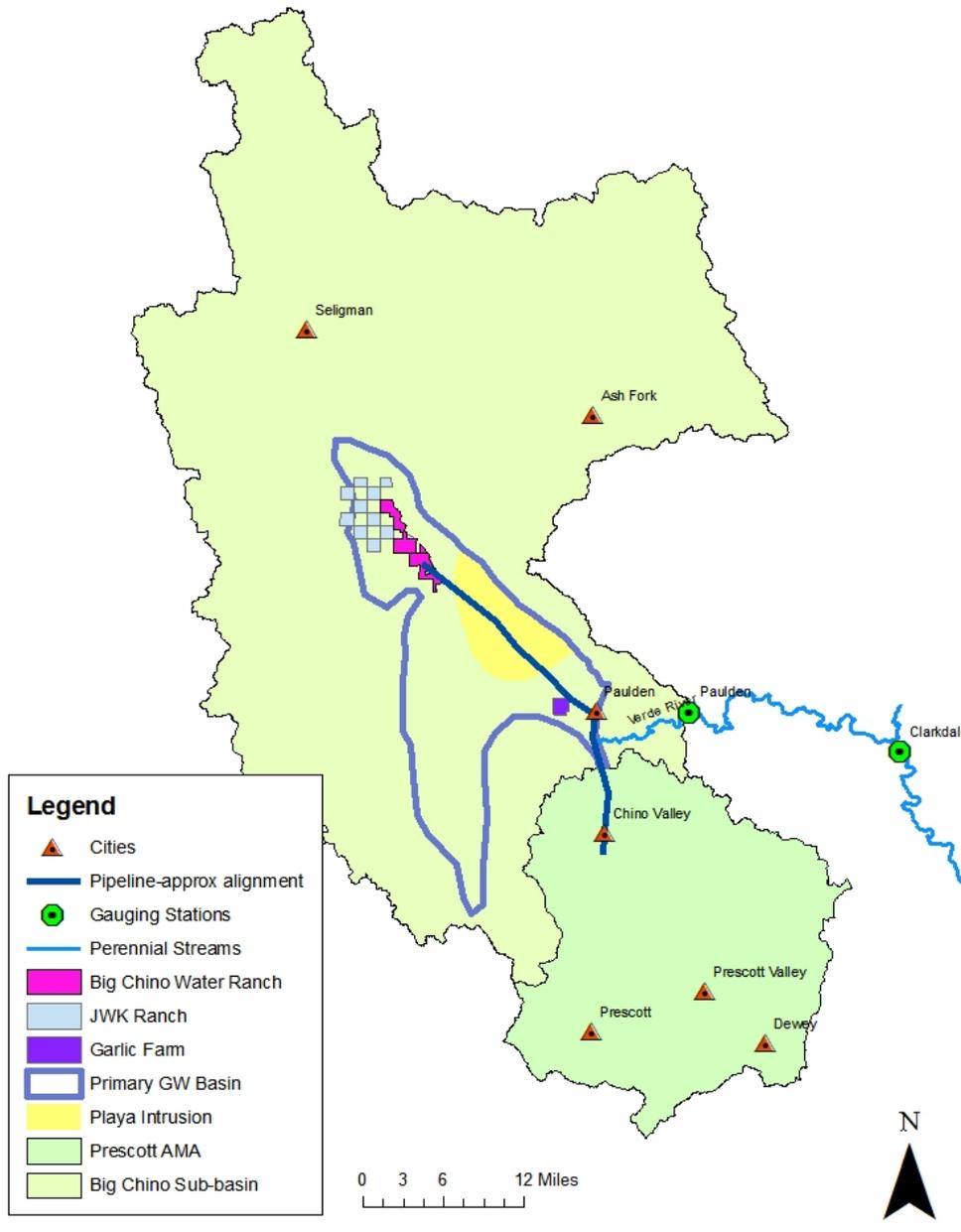
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- ✓ YPIT secures groundwater from within the PrAMA basin for on-reservation uses
- ✓ In 1994 the U. S. Congress approves agreement through YPIT Settlement Act
- ✓ CAP allocations of both Prescott and YPIT relinquished to the City of Scottsdale with expectation of replacement with Big Chino groundwater
- ✓ Prescott receives financial return of its investment in the CAP. Funds to be used by Prescott to secure new water resources for the PrAMA

Acquisition of the Big Chino Water Ranch

- ✔ Prescott considered opportunities to develop groundwater supplies from the Big Chino Sub-basin and transport that water into the PrAMA since mid 1970's.
- ✔ Prescott researched purchase of land in the Big Chino for developing groundwater supply, including Paulden, Williamson Valley and Upper Big Chino (CV-CF Ranch & JWK Ranch)
- ✔ Some funds from the YPIT settlement used to explore importation from Dugan property in Paulden
- ✔ Portion of JWK purchased in December 2004
- ✔ Inter-Governmental Agreement (IGA) with Prescott & Prescott Valley negotiated in 2004 (54.1% COP and 45.9% PV)

Big Chino and Prescott AMA Groundwater Basins



Big Chino Sub Basin

- Portion of Verde River Groundwater Basin
- 15 Million acre-feet in storage
- Pumping for agriculture since 1940
- Few people until 1990's
- Some groundwater discharge to Upper Verde Springs

Big Chino Water Ranch (BCWR) Project Engineering & Design

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



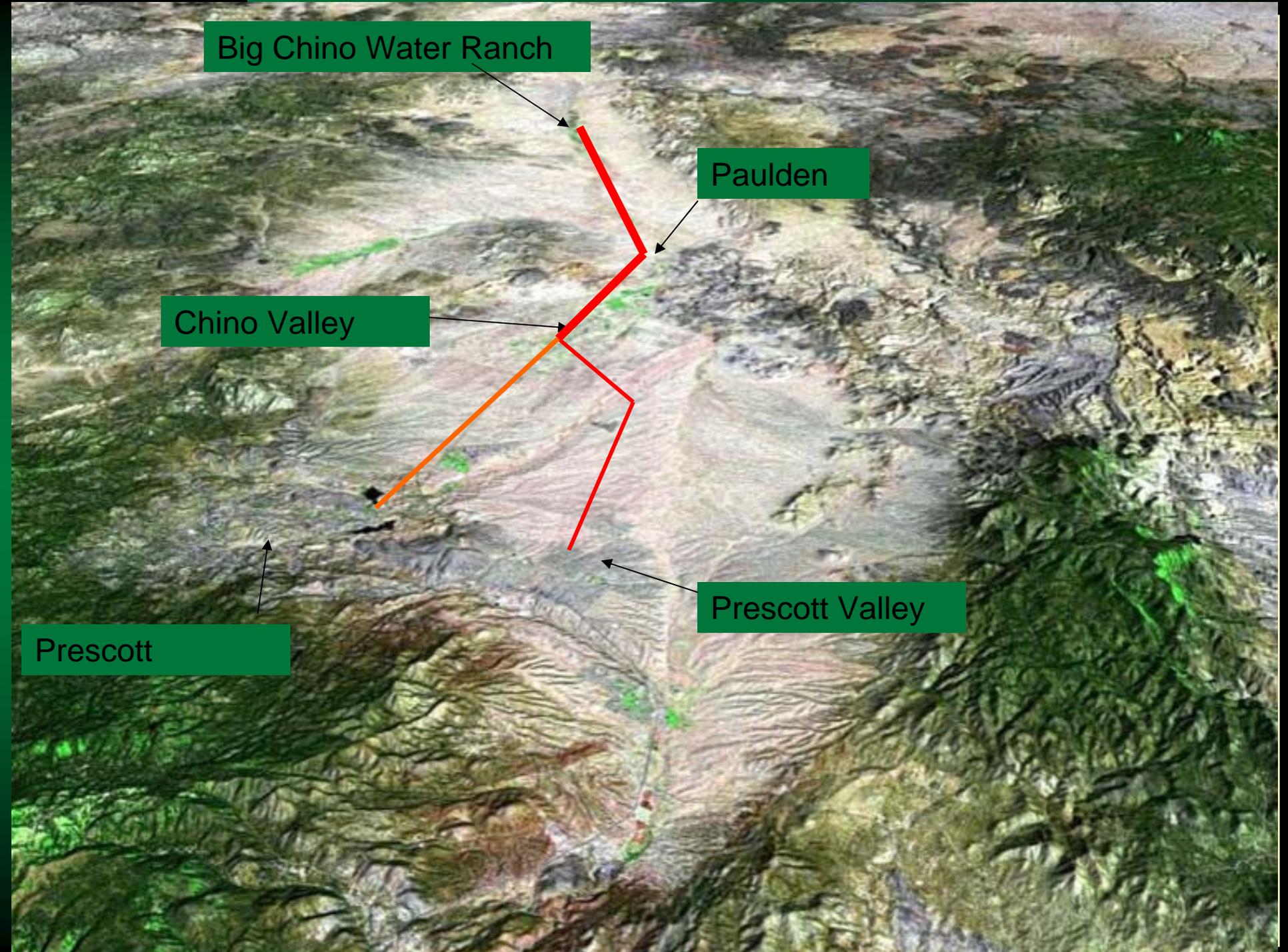
Big Chino Water Ranch

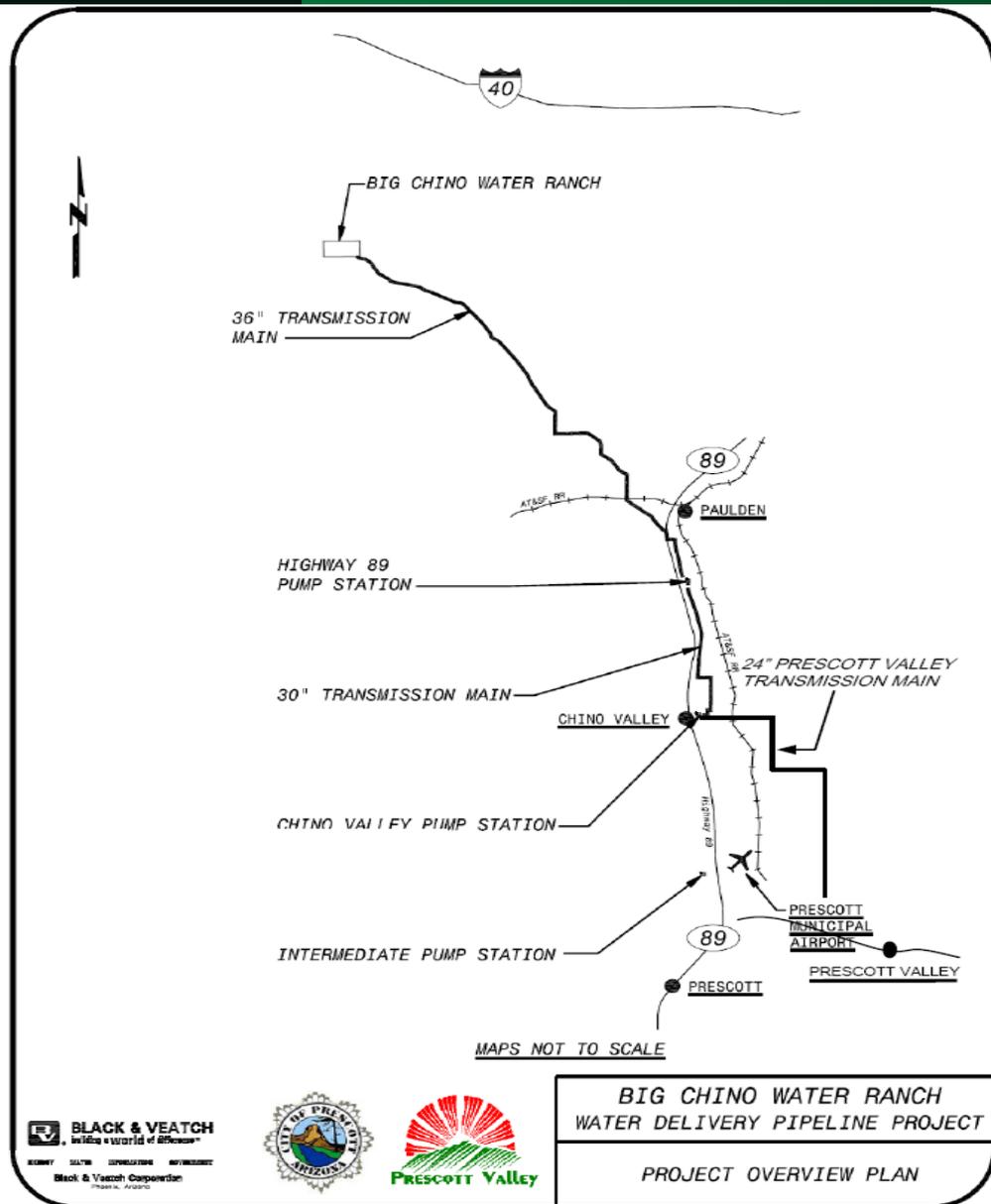
Paulden

Chino Valley

Prescott Valley

Prescott





- BCWR well field - up to 11 new 1500 gpm municipal production wells, 700 feet deep and two 1 million gallon (MG) storage reservoirs
- 23 miles of new 36-inch underground pipeline to the new Highway 89 Pump Station
- 7 miles of new 30-inch underground pipeline to two 5 MG reservoirs at the City's existing Chino Valley Water Production Facility (CVWPF)
- Reconstructed CVWPF Pump Station to include 8 new pumps
- New Intermediate Reservoirs and Pump Station Facility, to be located northwest of Willow Creek Road and Pioneer Parkway, initially including two 3 MG reservoirs, will serve as distribution system & water storage

Big Chino Water Ranch Project Summary

Project Financing

Expenditures to-date (2-09)	
Big Chino Water Ranch	\$ 23,400,000
Hydrology	\$ 2,015,000
Engineering & Design	\$ 7,930,000
Easement Acquisition	\$ 314,000
Legal Services	\$ 630,000
In-house Personnel FY05-FY09	\$ 770,000
Other	\$ 11,000
Total	\$ 35,000,000

Project Financing Alternatives

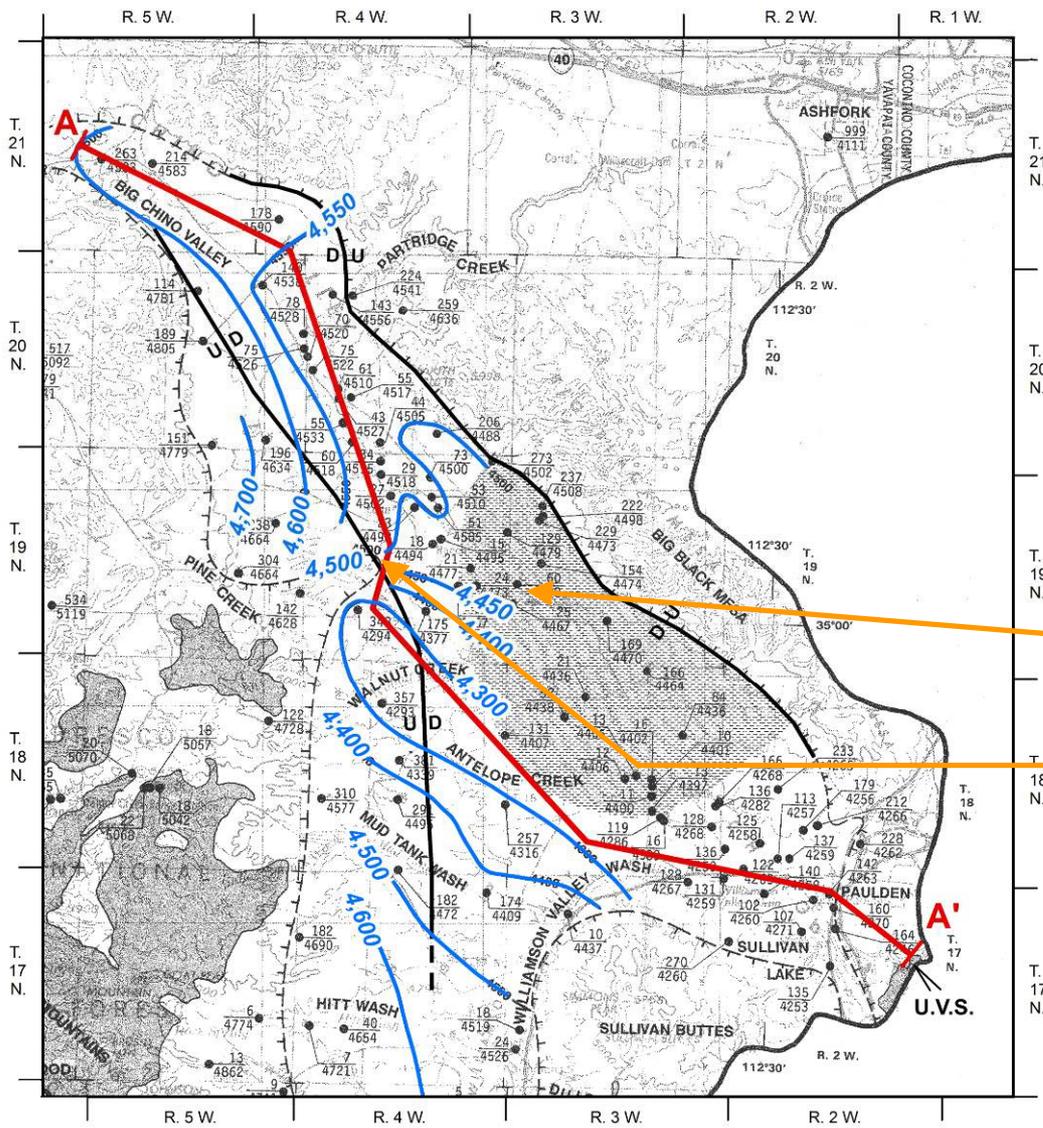
- ✔ Traditional Municipal Bond Financing
- ✔ Alternative Financing Options
 - Public-Private Partnership
 - Solicitation and Discussions w/ Interested Parties
- ✔ Other Considerations
 - Special Districts
 - Conservation Easements or Purchase of Development Rights Program
 - Management Authorities

Water Level Contours

Source: Schwab et. al. (1995)

Playa intrusion

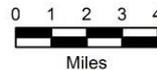
Aquifer boundary

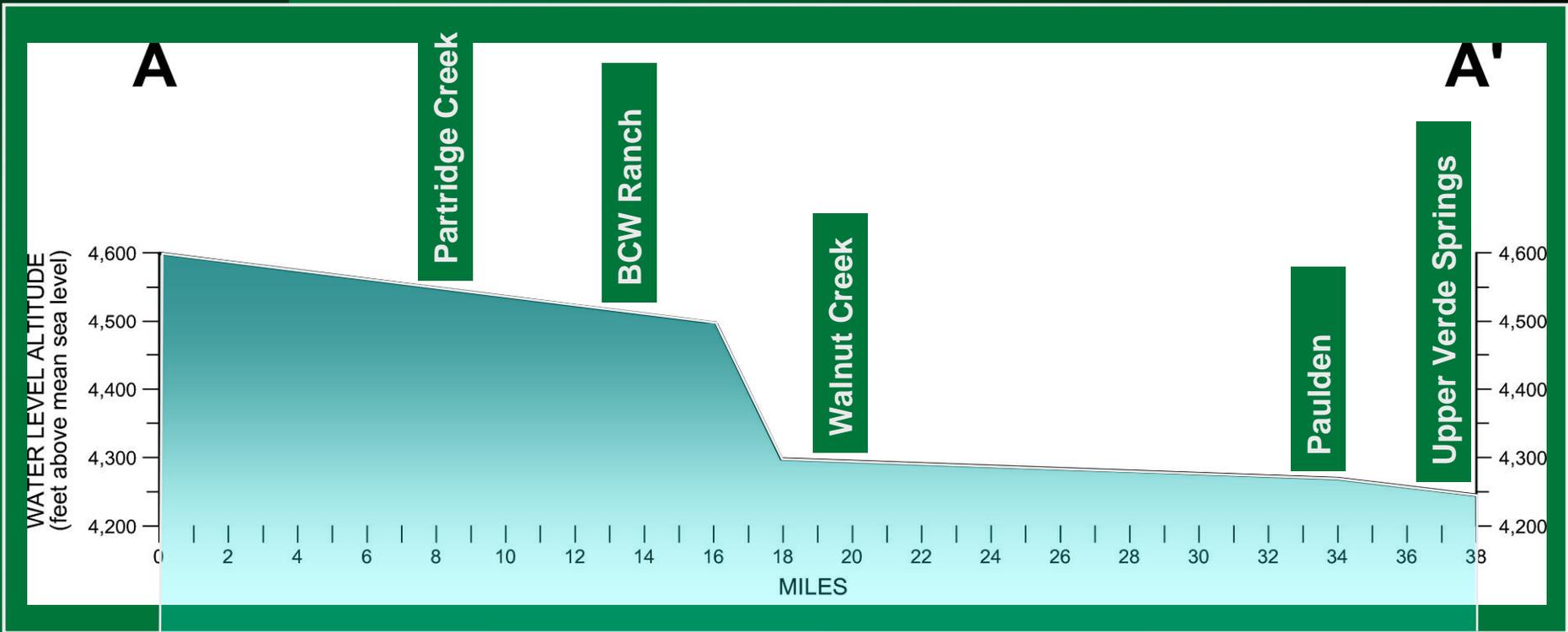


EXPLANATION

- Fault from USBR, 1993
- 4,600— Base and Water Level Contours from Schwab, 1995
- Line of Profile A - A' on next slide

Modified from Schwab, 1995





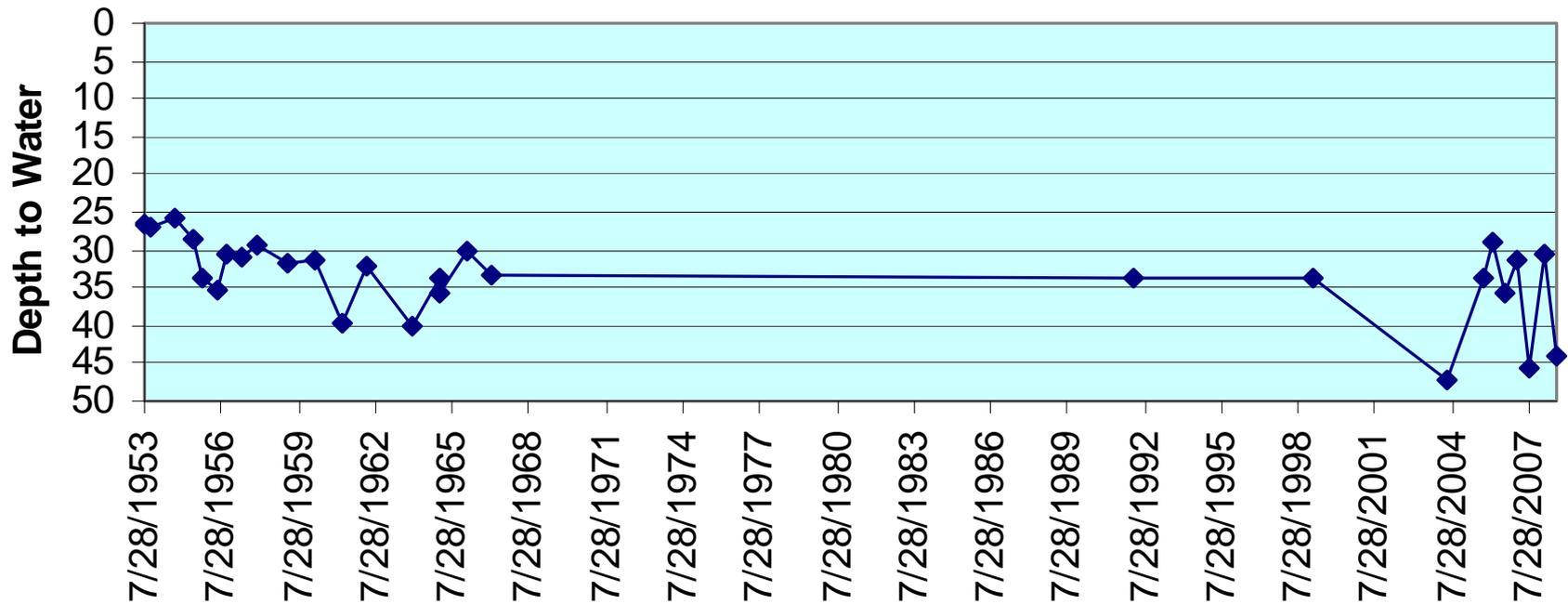
Profile of Water Table from Upper Big Chino to Upper Verde Springs



Errol L. Montgomery
& Associates, Inc.

Upper Big Chino Water Levels After 70 Years of Pumping

B-19-04 04BDB



Endangered Species Act (ESA)

- ✔ An Incidental Take Permit (ITP or HCP) would be a voluntary action pursued only if a “take” (i.e., kill or injure endangered or list species, or the modification of habitat of such species) 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.

Addressing Environmental Impacts

- ✔ 20 miles away from Upper Verde Springs
- ✔ 10,000 acres of conservation easements on JWK Ranch
- ✔ 3,600 acre-feet of water use retired from agriculture
- ✔ Located on other side of restriction formed by fine grained playa deposit (clay plug)
- ✔ Monitoring program, including new wells, in-place

BCWR & Impacts to Verde River

- ✔ The City believes that in selecting this property, we have selected a location with unique hydrologic characteristics, where the development of groundwater is not likely to have any perceptible impact on the Verde River.
- ✔ Although the City has decided to leave the 1,100 acres of agricultural land in production, Prescott has reserved this land to offset any impact that the City's Big Chino project might have on the river system and can retire this land at any time in the future.

SRP's Objections to Prescott's AWS Application

- ✔ SRP filed objections to Prescott's Big Chino water rights based on:
 - Constitutionality of ARS 45-555(E)
 - Quantity of water that could be imported under ARS 45-555(E)
 - SRP's claimed downstream water rights and Habitat Conservation Plan
- ✔ SRP's objections *rejected* by ADWR on the grounds that SRP is not a resident of the PrAMA, as required by the statutes governing the assured water supply program
- ✔ SRP's attorneys filed *identical objections* on behalf of three residents in the PrAMA, so ADWR ultimately considered all of SRP's objections before issuing its draft decision and order on Prescott's AWS application

ADWR Preliminary Decision & Order

- Preliminary Decision of Director of ADWR on City of Prescott's Modification of Designation of Assured Water Supply awards City 8,063 af of Big Chino groundwater vs 9,452 af requested
- Appeal by SRP Surrogates and others resulted in Administrative Hearing
(Feb 9-11, 2009 and April 13-15, 2009)
- SRP participates fully & openly in Administrative Hearing in Prescott

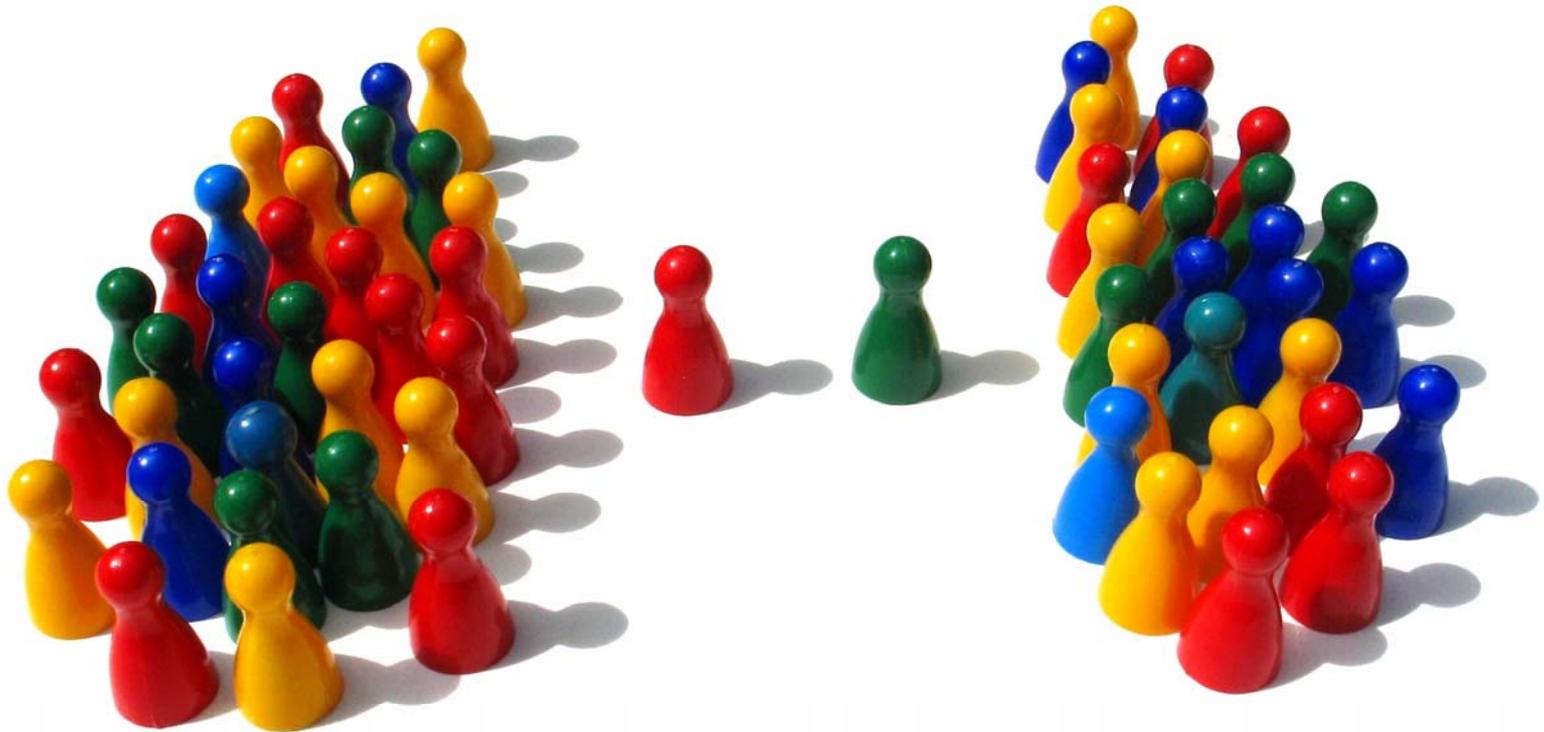
Legal Actions

- ✔ SRP filed Application for Temporary Restraining Order in Maricopa County Superior Court
 - Allow SRP to participate in administrative hearing
 - Or stay Administrative Hearing
 - Judge ruled against SRP on both of these
- ✔ SRP asked Maricopa County Superior Court to rule ARS §45-555(E) unconstitutional
- ✔ Communities filed for parallel hearing in Yavapai County Superior Court
- ✔ Communities file Special Action to force SRP to comply with Public Records statutes

ADWR Rules

- ▼ Pending ADWR Rules Packages on hold pending review by Governor Brewer
 - Groundwater Transportation (ARS §45-555(A-D))
 - Adequate Water Supply (SB 1575)
 - Infrastructure Financing (SB 1577)

SRP “Negotiations”



Salt River Project “Negotiations”

- ✔ Initiated by former Governor Janet Napolitano
- ✔ Herb Guenther & mayors dinner: 3-12-2008
- ✔ SRP fails to negotiate
- ✔ SRP opens/closes all meetings with a threat
- ✔ SRP offers us 3,000 acre-feet if we signed a binding agreement to protect the ENTIRE basin!

Concerns with Jon Ford's model

▼ Hasty development

- Developed with *no new field work*
- Developed with *no new gravity surveys*
- Developed with *no new wells*
- Developed in *1½ months*
- 29 cfs streamflow in 1940 (pre-development)
not based on actual observations or gauging

Concerns with Jon Ford's model

- ✓ Model output questionable
 - Three layer model versus seven layer model used by Prescott
 - Not submitted to ADWR or anyone else for independent verification (no peer review)
 - SRP *refuses* to release underlying model data for independent scrutiny
 - Cost \$300,000 – was that money directed at *an answer they wanted?*

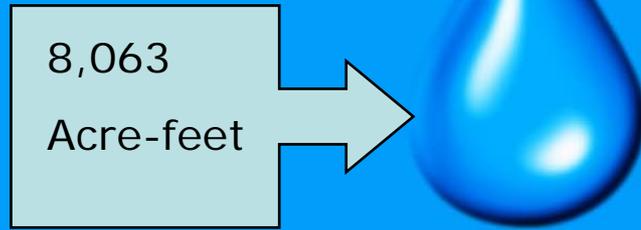
Nested Model needed to predict impacts on Verde

- ✓ Kyle Blasch and Frank Corkhill review of Northern Arizona Ground-water flow model
 - Will not predict impacts on the Verde
- ✓ Nested model needed to predict impacts
 - Three years to develop
 - \$810,000 to develop
 - Plus cost of new wells needed to gather data
 - Plus cost of aquifer tests
 - Extra funding would not speed development

SRP Approach/Attitude: Might equals Right!!!



- SRP used their helicopter to fly two SRP executives and a SRP lawyer to Prescott to recruit surrogates
 - Blatant attempt to bypass normal ADWR process
- SRP's chief lobbyist Russell Smoldon told District One legislators I scuttled negotiations
 - He said SRP wants a new negotiating team
 - I agree – SRP needs a new negotiating team — it should be Silverman and their board so we are negotiating CEO to CEO
 - But first SRP needs to agree to really negotiate before we will spend any more time with them



Folks, water importation from the Big Chino Water Ranch is not the real problem, focusing on it ignores the fundamental issues

Big Chino sub-basin storage capacity

15,000,000 Acre-feet



***SRP net flood releases from
Bartlett Dam (Verde System)
2005 – 953,329 Acre-feet (AF)
2008 – 179,958 Acre-feet
Total: 1,133,286 AF
140.48 years at 8,063 AF!!!***

Addressing the real issues

- ✓ Basin-wide district to address all the issues
 - Continued proliferation of exempt wells
 - Illegal wells
 - Conservation easements
 - State land swaps
 - Legislation to support district
 - Involve all the stakeholders

Concluding thoughts



- ✔ Fact + assumption \neq valid conclusion
- ✔ City of Prescott has been looking for an alternative water supply since the 1970's and has considered environmental impacts
- ✔ SRP's heavy-handed posture scuttled negotiations with tri-city mayors
- ✔ We are ready to discuss our position with anyone — I came here today!

Still awake?

