



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE:

November 20, 2019

DEPARTMENT:

City Administration

DIVISION:

Administration

- ☐ Motion
☒ Resolution
☐ Ordinance - Introduction
☐ Ordinance - Adoption
☐ Public Hearing

TITLE:

Resolution Opposing the Transfer of any Colorado River Water Rights or Allocations From La Paz County to the Town of Queen Creek in Pinal and Maricopa Counties

SUMMARY RECOMMENDATION:

Adopt a Resolution Opposing the Transfer of any Colorado River Water Rights or Allocations Designated, Granted or Leased to GSC Farm, LLC, a Delaware limited liability company, owning land in La Paz County, Arizona. The proposed transfer would move 2,083.1 acre-feet of water to the Town of Queen Creek in Pinal and Maricopa Counties. The Resolution further directs the Yuma City Clerk to provide a copy of the Resolution, as adopted, to the Mayor and Council of the Town of Queen Creek, Arizona, the City of Yuma's Federal and State Legislators, the Governor of Arizona, the Commissioner of the Bureau of Reclamation, the Director of the Arizona Department of Water Resources, and the Statutory Agent of GSC Farm, LLC. The Resolution authorizes City of Yuma Mayor, Douglas J. Nicholls, to provide public comment as the official spokesperson for the City of Yuma, at the November 21, 2019 Arizona Water Department Public Hearing on GSC's transfer request to be held at the City of Yuma City Council Chambers. (City Administration)(Jay Simonton)

REPORT:

GSC Farm, LLC (GSC) has filed a request with the Arizona Department of Water Resources (ADWR) on GSC's proposal to transfer 2,083.1 acre-feet of Arizona's Fourth Priority Colorado River Water entitlement from land GSC owns in La Paz County to the Town of Queen Creek (Queen Creek) via the Central Arizona Project Canal system. ADWR has scheduled a public hearing on GSC's transfer request for November 21, 2019 at 10:00 a.m. in the City of Yuma City Council Chambers. The purpose of the public hearing is to take public comment and testimony.

Under the proposed water transfer, GSC would sell a water supply to the Town of Queen Creek to be used in the Town's water service area in Pinal and Maricopa Counties. Toward that end, GSC and Queen Creek have reportedly entered into a water sale and transfer agreement where, should GSC obtain approval of the water transfer, Queen Creek would pay GSC an amount equal to \$20,880,000, plus the cost of financing, for the transfer and use of the 2,083.1 acre-feet of water, an amount equal to \$10,000 per acre-foot of water.

Queen Creek has estimated the economic value of the transfer in excess of \$307,000,000, most of which will exclusively benefit Queen Creek at a loss to Arizona's Colorado River communities from where the water is being transferred.

The 2,083.1 acre-feet of water in GSC's proposal is part of the Fourth Priority Colorado River Water that has been reserved by Arizona through the Arizona Water Commission in the 1970's as part of a 164,652 acre-feet (9.89% of Arizona's Fourth Priority Colorado River entitlement) set-aside for the use of on-river, Arizona Colorado River Communities and entitlements. More recently, the State of Arizona, through ADWR, reaffirmed its commitment to the set-aside water (including the water in GSC's transfer proposal) for the benefit of Arizona's river communities when ADWR stated, "***it is the Department's unequivocal position that this water is to be reserved for future M&I use along the River. It is not to be considered as supplies available for any other purpose.***" (M&I refers to municipal and industrial use). The ADWR position letter further states, "[t]he increased quantity being recommended [for allocation] is part of the 164,652 recognized in the Central Arizona Project Master Repayment Contract as being available for contracting along the river." (See the February 28, 1990 ADWR Letter to the Bureau of Reclamation, page 2 of 5 and page 4 of 5 respectively). Should the GSC transfer be approved, the Fourth Priority Colorado River Water entitlement transfer will establish a new and ominous precedent for the diversion of the reserved water away from Arizona's Colorado River Communities, a significant loss to future generations of farmers and the River Communities.

Queen Creek has many other options to address its water needs; options which do not punish Colorado River communities for their sound water stewardship programs and undermine the future of these communities. Specifically, Queen Creek could: (i) undertake conservation efforts similar to ones taken by La Paz County water users to create a water reserve for future municipal uses; or (ii) obtain a water transfer from the Harquahala Basin; or (iii) obtain water from the Central Arizona Groundwater Replenishment District; or (iv) obtain water from the Gila River Indian Community; or (v) obtain water from the Colorado River Indian Tribes; or (vi) obtain water from other Central Arizona Water Entities. Once water is diverted from the River, the water is almost certain to never return.

The City of Yuma and many of the Colorado River water users depend on the Colorado River Water entitlements and carefully plan, conserve, and prioritize use of water. The Yuma City Council, the City of Yuma and other Colorado River water users have consistently opposed efforts to transfer Colorado River water away from On-River users for use in other parts of the State. Attempts to transfer water away from Arizona's Colorado River Communities seriously threaten the future economic well-being of the affected River Communities and deprive them of future growth opportunities in favor of remote interests in other parts of the State. Even worse, allowing such transfers creates a frightening new economic reality for water users in the Arizona desert: access to water will go to the highest bidder. Sound water policy should benefit all Arizona residents, not just the highest bidder.

FISCAL REQUIREMENTS	CITY FUNDS:	\$0.00	BUDGETED:	\$0.00
	STATE FUNDS:	\$0.00	AVAILABLE TO TRANSFER:	\$0.00
	FEDERAL FUNDS:	\$0.00	IN CONTINGENCY:	\$0.00
	OTHER SOURCES:	\$0.00 \$0.00 \$0.00	FUNDING FOR THIS ITEM IS FOUND IN THE FOLLOWING ACCOUNT / FUND / CIP:	
	TOTAL:	\$0.00		
	FISCAL IMPACT STATEMENT:			
ADDITIONAL INFORMATION	SUPPORTING INFORMATION NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT IS ON FILE IN THE OFFICE OF THE CITY CLERK:			
	1. 2. 3. 4. 5. IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL? <input type="radio"/> Department <input type="radio"/> City Clerk's Office <input type="checkbox"/> Document to be recorded <input type="checkbox"/> Document to be codified			
SIGNATURES	CITY ADMINISTRATOR:		DATE:	
	John D. Simonton		11/19/2019	
	REVIEWED BY CITY ATTORNEY:		DATE:	
	Richard W. Files		11/19/2019	
RECOMMENDED BY (DEPT/DIV HEAD):		DATE:		
WRITTEN/SUBMITTED BY:		DATE:		