

JANICE K. BREWER

Governor



SANDRA A. FABRITZ-WHITNEY

Acting Director

ARIZONA DEPARTMENT OF WATER RESOURCES

3550 North Central Avenue, Second Floor
PHOENIX, ARIZONA 85012-2105

(602) 771-8500

January 7, 2011

Mr. Bradley Hill, R.G.
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, Arizona 86001

Re: Modification of a Designation of Adequate Water Supply (DWR No. 41-900002.0001) City of Flagstaff

Dear Mr.Hill:

I am pleased to inform you that the Department of Water Resources has approved the application for a Modification of a Designation of Adequate Water Supply for the City of Flagstaff (Flagstaff). We have enclosed the formal Decision and Order. The Decision and Order includes an itemization of Flagstaff's responsibilities in maintaining the Designation.

Flagstaff's status as a designated water provider demonstrates that Flagstaff is taking a long-term perspective in managing water resources. Flagstaff's commitment to long term planning represents a major contribution to the State's water management goal.

If you have any questions regarding these documents, please contact me at (602) 771-8590.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas W. Dunham".

Douglas W. Dunham, Manager
Recharge, Assured & Adequate Water Supply

DWD/rbo

cc: Robin King, Arizona Department of Real Estate

1 **II. FINDINGS OF FACT**

2 **A. General**

- 3 1. The City of Flagstaff was deemed as having a Designation of Adequate Water Supply
4 before the Department's Assured and Adequate Water Supply rules were adopted.
- 5 2. Flagstaff is a city incorporated in accordance with Article XIII of the Arizona
6 Constitution.
- 7 3. Flagstaff has the legal authority to deliver water to its customers located within its
8 service area.
- 9 4. Flagstaff currently serves water through its distribution system to its customers.

10 **B. Groundwater from Red Gap Ranch: Physical,**

11 **Continuous and Legal Availability**

- 12 1. Flagstaff has the right to withdraw and deliver groundwater to its customers pursuant to
13 A.R.S. § 45-453.
- 14 2. Historic hydrologic information demonstrates that depth-to-static water levels within
15 Flagstaff's Red Gap Ranch currently average 400 feet below land surface.
- 16 3. Flagstaff has demonstrated that after withdrawing 16,500 acre-feet per year of
17 groundwater for 100 years, the depth-to-static water level within Flagstaff's Red Gap
18 Ranch is not expected to exceed 1,200 feet below land surface.
- 19 4. Flagstaff has demonstrated that it will construct wells of sufficient capacity and the
20 necessary distribution system to withdraw and transport 16,500 acre-feet per year of
21 groundwater from Flagstaff's Red Gap Ranch to Flagstaff's service area for at least 100
22 years.
- 23
- 24

1 5. The groundwater from Red Gap Ranch will be considered continuously available to
2 Flagstaff when a pipeline to transport the groundwater to Flagstaff's service area has
3 been constructed and the Arizona Department of Environmental Quality ("ADEQ") has
4 issued an Approval of Construction pursuant to A.A.C. R18-5-507 ("AOC") for the
5 pipeline.

6 **C. Water Quality**

7 1. Flagstaff is regulated by the Arizona Department of Environmental Quality ("ADEQ")
8 as a public water system pursuant to A.R.S. § 49-351, *et seq.*

9 **D. Financial Capability**

10 1. Flagstaff has identified various financing sources for construction of the necessary
11 delivery, storage and treatment works for the groundwater from Flagstaff's Red Gap
12 Ranch, including water rates, sales tax, property tax, water resource fees, and revenue
13 bonds.

14 2. Pursuant to A.A.C. R12-15-720(C)(3)(b), Flagstaff has submitted evidence
15 demonstrating that financing mechanisms are in place to construct adequate delivery,
16 storage, and treatment works in a timely manner.

17
18 **III. CONCLUSIONS OF LAW**

19 Having reviewed the Findings of Fact, the Department makes the following Conclusions
20 of Law:

21 1. Flagstaff has demonstrated that 16,500 acre-feet per year of groundwater from
22 Flagstaff's Red Gap Ranch is physically available and legally available for at least 100
23 years. Flagstaff has also demonstrated that this volume of groundwater will be
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1 continuously available to Flagstaff when a pipeline to transport the groundwater from
2 Red Gap Ranch to Flagstaff's service area has been constructed and ADEQ has issued an
3 AOC for the pipeline.

4 2. For purposes of A.A.C. R12-15-716(B)(3)(c)(ii), the volume of Flagstaff's annual
5 estimated water demand that will be met with groundwater shall include 16,500 acre-
6 feet per year of groundwater to be withdrawn from Flagstaff's Red Gap Ranch and
7 transported to Flagstaff's service area.

8 3. The groundwater from Flagstaff's Red Gap Ranch will be of adequate quality pursuant
9 to A.A.C. R12-15-719.

10 4. Flagstaff has satisfied the financial capability criteria prescribed in A.A.C. R12-15-720.
11

12 **IV. ORDER OF MODIFICATION AND CONDITIONS OF DESIGNATION**

13 Having reviewed the Findings of Fact and Conclusions of Law, the Department hereby
14 orders that Flagstaff's designation as having an adequate water supply is modified by including
15 16,500 acre-feet of groundwater from Flagstaff's Red Gap Ranch as a source of supply if
16 Flagstaff submits evidence of an AOC issued by ADEQ for a constructed pipeline to transport
17 the groundwater to Flagstaff's service area on or before December 31, 2030. The Department
18 further orders that Flagstaff's designation as having an adequate water supply is subject to the
19 following conditions:

20 1. Flagstaff shall submit another application to modify its designation as having an
21 adequate water supply within one year after this Decision and Order is signed by the
22 Director or the Director's designated representative. The application shall include all
23 current, committed and projected demands within Flagstaff's entire service area and all
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1 sources of supply, including the 16,500 acre-feet per year of groundwater from
2 Flagstaff's Red Gap Ranch that is the subject of this Decision and Order. Because
3 Flagstaff has demonstrated the physical availability of the 16,500 acre-feet per year of
4 groundwater from its Red Gap Ranch in its application for the modification granted by
5 this Decision and Order, Flagstaff shall not be required to demonstrate the physical
6 availability of that groundwater supply as part of the application required to be filed
7 under this condition.

8 2. The Director reserves the right under A.A.C. R12-15-715(C) to periodically review and
9 modify the designation for good cause as conditions warrant.

10 3. Pursuant to A.A.C. R12-15-715(E), the Director may, at any time, revoke Flagstaff's
11 designation if the findings of fact or the conclusions of law upon which the designation
12 is based change or are invalid, or if an adequate water supply no longer exists.

13 4. Pursuant to A.A.C. R12-15-719, Flagstaff shall satisfy any state water quality
14 requirements established for its proposed use.

15 5. Flagstaff shall annually provide to the Department the following information for the
16 previous calendar year in the manner prescribed in A.A.C. R12-15-715:

17 a. An estimate of the demand of platted, undeveloped lots located in Flagstaff's
18 service area.

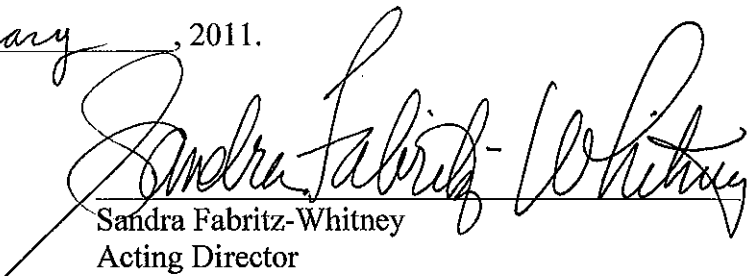
19 b. An estimate of the projected demand at build-out for customers with which
20 Flagstaff has entered into a notice of intent to serve agreement in the
21 preceding calendar year.

22 c. A report regarding Flagstaff's compliance with water quality requirements.
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- 1 d. The depth-to-static water level of all wells from which Flagstaff withdrew
2 water during the previous calendar year.
- 3 e. The total quantity of water from any source withdrawn, diverted, or received
4 by Flagstaff for its customers' residential and non-residential use during the
5 previous calendar year.
- 6 f. Any other information requested by the Director to determine whether
7 Flagstaff continues to meet all the requirements necessary to maintain its
8 designation of adequate water supply.

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10 **IT IS HEREBY ORDERED THAT 16,500 ACRE-FEET PER YEAR OF**
11 **GROUNDWATER FROM THE CITY OF FLAGSTAFF'S RED GAP RANCH SHALL**
12 **BE INCLUDED AS A SOURCE OF SUPPLY IN THE CITY OF FLAGSTAFF'S**
13 **DESIGNATION OF ADEQUATE WATER SUPPLY IF THE CITY SUBMITS TO THE**
14 **DEPARTMENT EVIDENCE OF AN APPROVAL OF CONSTRUCTION FROM THE**
15 **ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY FOR A PIPELINE TO**
16 **TRANSPORT THE GROUNDWATER FROM THE RED GAP RANCH TO THE**
17 **CITY'S SERVICE AREA ON OR BEFORE DECEMBER 31, 2030.**

18 DATED this 7th day of January, 2011.

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Sandra Fabritz-Whitney
Acting Director
Arizona Department of Water Resources

1 A copy of the foregoing
2 Decision and Order mailed
3 by certified mail this 7th day
4 of January, 2011, to:

5 Bradley Hill, R.G.
6 City of Flagstaff
7 211 W. Aspen Ave.
8 Flagstaff, AZ 86001

Certified Mail No.:
7007 3020 0000 7686 7238

9 A copy of the foregoing sent by
10 electronic mail this 7th day of
11 January, 2011 to:

12 Robin King
13 Arizona Department of Real Estate
14 2910 N. 44th Street
15 Phoenix, AZ 85018

16 Linda Taunt
17 Arizona Department of Environmental
18 Quality

19 Lee A. Storey
20 Ballard Spahr LLP
21 1 East Washington Street
22 Suite 2300
23 Phoenix, AZ 85004-2555

24 Sent by:
R. Oberhauser