

ARIZONA DEPARTMENT OF WATER RESOURCES
TRANSCRIPT OF PUBLIC MEETING
RE: ARIZONA COLORADO RIVER ENTITLEMENTS

ADWR Offices
1110 West Washington Street
Phoenix, Arizona

November 6, 2017
1:00 p.m.

(Certified Copy)

Perfecta Reporting
(602) 421-3602

Phoenix, Arizona
November 6, 2017
1:00 p.m.

P R O C E E D I N G S

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5 MR. CHANDLER: Good afternoon. For the record,
6 today is Monday, November 6, 2017, and the time is 1:00 p.m.
7 We are at the Arizona Department of Water Resources office in
8 Phoenix, Arizona. My name is Clint Chandler. I am the
9 Assistant Director for Water Planning and Permitting at the
10 Arizona Department of Water Resources, and I will be
11 facilitating today's meeting.

12 With me are Kelly Brown, Deputy Counsel, in the
13 back; Vineetha Kartha, the Colorado River Section Manager at
14 ADWR; and Amy Levy, Water Resources Specialist in the back.
15 Kelly and Vineetha have been involved in the review of the
16 proposed lease and transfer of the Town of Quartzsite's
17 Fourth Priority Colorado River Entitlement to the Central
18 Arizona Water Conservation District. Amy will be acting as
19 the Docket Supervisor for today in place of Sharon
20 Scantlebury.

21 Also with us today from the Department is Thomas
22 Buschatzke, Director of the Department of Water Resources.
23 The Director is here to observe and will not make any
24 comments or respond to inquiries.

25 We have a court reporter here today to record the

1 comments. As such, it is important for speakers to
2 please speak up and speak slowly so that the court reporter
3 can accurately record your comments. If anyone has
4 difficulty hearing me or a speaker, please let me know.

5 If you haven't already done so, please sign the
6 sign-in sheet on the table near the entrance. There are also
7 speaker cards available on the table. If you desire to speak
8 today, please fill out a speaker card, if you haven't done so
9 already, and submit your card to Amy Levy.

10 The purpose of today's meeting is to provide members
11 of the Public with the opportunity to make oral or written
12 comments on the pending application. That application, once
13 again, is for the proposed lease and transfer for the Town of
14 Quartzsite's Priority Fourth Colorado River Entitlement to
15 the CAWCD. The application is available on the Department's
16 website at www.azwater.gov.

17 Please be aware that the Department will not respond
18 to questions or comments at today's hearing. If anyone has
19 questions or comments on issues or programs that are outside
20 the scope of today's meeting, you can contact me or one of
21 our staff members after the meeting.

22 Today's hearing will be conducted in a formal
23 manner. As I mentioned previously, a court reporter is
24 recording all statements. A copy of the transcript will be
25 available for review at the Department's office and will also

1 be posted on the Department's website when it's available.

2 At the conclusion of the meeting, I will be
3 accepting any written comments or documentary evidence that
4 anyone may wish to submit to the Department regarding the
5 pending application. The Department will also accept written
6 comments until 5:00 p.m., November 20, 2017. Written
7 comments submitted up to 5:00 p.m., once again, on the 20th,
8 November 20th, should be submitted to the Department's Docket
9 Supervisor, Sharon Scantlebury, by e-mail to
10 S-S-C-A-N-T-L-E-B-U-R-Y, so it's SScantlebury@azwater.gov, or
11 fax at (602) 771-8686.

12 A copy of the public notice with Sharon's contact
13 information is posted on the Department's website. Sharon's
14 business cards with her contact information are available at
15 the sign-in desk if you were to like one.

16 Within 60 days from November 20, 2017, the Director
17 of ADWR will issue a recommendation regarding the proposed
18 transfer and lease to the United States Secretary of the
19 Interior unless time were needed to resolve claims and
20 negative impacts to third parties.

21 Some entities or individuals may claim they will be
22 negatively impacted if the proposed lease and transfer were
23 approved. If potential negative impacts were claimed, the
24 Department will notify the Town of Quartzsite and the Central
25 Arizona Water Conservation District about the claimed

1 impacts. Upon notification of the claims, the Department
2 will provide up to 90 days for all parties to attempt to
3 resolve or mitigate the claimed impacts and to provide
4 information to the Secretary. If agreed by all parties, an
5 extension may be granted if more time is needed to resolve
6 outstanding issues.

7 As a result of negotiations, if the proposed
8 agreement changes the distribution of water, the Department
9 will review the revised transfer action and make a
10 recommendation to the Secretary. If the parties cannot agree
11 to resolve or mitigate the claimed impacts, the Department
12 will make its recommendation independently from the parties
13 at the end of the negotiation period.

14 I will now turn to Vineetha Kartha, who will
15 describe the proposed transfer and lease in greater detail.

16 MS. KARTHA: Thank you, Clint. Good afternoon,
17 everyone. My name is Vineetha Kartha. I am with the
18 Colorado Section of the Department of Water Resources. My
19 presentation today is roughly divided into three sections. I
20 will start with a broad overview of the Department's
21 authorities followed by Substantive Policy Statement, the
22 policy that guides the transfers of mainstream Colorado River
23 entitlements, and I will finish with key points from the
24 proposed lease and transfer of Quartzsite's Fourth Priority
25 Entitlement of Colorado River Water to the Central Arizona

1 Water Conservation District.

2 I do tend to speak a little bit fast, so if I'm
3 going really fast, please raise your hand, and I will
4 definitely slow down. Thank you.

5 As I mentioned, I will start with a broad overview
6 of the Department's authorities. The first one, State
7 Statute 45-105, the Department is not only responsible for
8 managing, but also for formulating plans for the conservation
9 used and development of surface and groundwater throughout
10 the State.

11 Pursuant to ARS, or Arizona Revised Statute, 45-107,
12 the Department is to serve as the State's representative in
13 matters relating to the State's interest in Colorado River
14 Water. Specifically, the Director is authorized to serve as
15 the State's representative to consult, advise, and cooperate
16 with the Secretary of Interior of the United States. In that
17 regard, the Department of Water Resources is the entity
18 charged with promoting, protecting, and conserving Arizona's
19 2.8 million acre feet of Colorado River Water Entitlement.

20 From now on, I will start with key points of the
21 Substantive Policy Statement. Consistent with the
22 responsibilities that I mentioned about before under Arizona
23 Revised Statute 45-107, entities that contemplate the
24 transfer of the Colorado River Water Entitlement are required
25 to confer and obtain the advice of the Director.

1 Due to the importance of the distribution of
2 Colorado River Water to the welfare and economy of the State
3 and also because mainstream water is the only source of water
4 available for most of the urban, industrial, and agricultural
5 users along the main stem Substantive Policy Statement CR8
6 was developed to ensure consistent and adequate evaluation of
7 transfers of Colorado River Entitlement.

8 The Substantive Policy Statement lays out policies
9 and procedures for transferring an entitlement of Colorado
10 River water including leases. The Statement also describes
11 the criteria and analysis the Department utilizes to validate
12 proposed transfers including conveyances, leases, or
13 assignments for mainstream Colorado River water supplies.

14 After all the necessary documents have been
15 submitted, the public notice process begins. The public
16 notice process involves advertisement in a newspaper of
17 general circulation within the State for two consecutive
18 weeks. Notices are also sent out to county planning and
19 zoning department of the county of origin from where the
20 water is being transferred out of. We also ask that the
21 transferring entity or the contractor that is transferring
22 the entitlement provide notices to all the water users within
23 their contract service area.

24 We also maintain a list of interested parties within
25 our department and notices are sent to all of the entities

1 that are on that list, as well. Pursuant to the Substantive
2 Policy Statement, the Director will consider several factors,
3 potential negative impacts to other entitlement holders,
4 water quality impacts to water supplies of other Colorado
5 River Entitlement holders, as well as water quality impacts
6 related to return flows and other pertinent impacts that
7 could occur as a result of the proposed transfer. Primarily,
8 the Director will be looking at both quality and quantity of
9 the impacts.

10 Public comment is also considered under the
11 Department's review. The Director will issue a
12 recommendation within 60 days from the end of the comment
13 period unless additional time is needed to resolve claims of
14 negative impacts to third parties. In this case, the
15 newspaper advertisements were run October 12 and October 19.
16 The 30-day comment period is supposed to end on November 18.
17 However, because it's a Saturday, we are providing an
18 extension up to Monday, November 20, 5:00 p.m.

19 If after the comment period or if during the comment
20 period negative impacts are claimed, the Department will
21 provide up to 90 days for all parties to resolve or mitigate
22 the claimed impacts. An extension may be requested by the
23 parties. If no resolution was found, the Department will
24 make its recommendation independently from the parties at the
25 end of the negotiation period.

1 At this time, I will go over a snapshot of the
2 transferring and receiving entities. The Town of Quartzsite
3 is the transferring entity and currently holds a Section 5
4 contract for Arizona's Fourth Priority Colorado River
5 Entitlement with the Bureau of Reclamation for 1,070 acre
6 feet of water per year.

7 This contract is subject to termination if no water
8 is put to beneficial use within the Quartzsite's contract
9 service area before January 28, 2029. At this time,
10 historical use of Colorado River Water within Quartzsite is
11 0 acre feet, that is, they have never put the water to
12 beneficial use within the contract service area.

13 The current annual water demand for City of
14 Quartzsite or Town of Quartzsite is 600 acre feet, and it is
15 projected to grow to 660 acre feet by the Year 2030. At this
16 time, Quartzsite uses groundwater for their water source, and
17 it is taken out of the Quail Trail Production Facility and
18 the Kofa Avenue Production Facility.

19 The receiving entity is Central Arizona Water
20 Conservation District, and the request for the proposed lease
21 and transfer is to partially fulfill CAWCD's Groundwater
22 Replenishment authority and responsibilities otherwise known
23 as the Central Arizona Groundwater Replenishment District or
24 CAGRD. CAGRD's current annualized long-term supply is
25 38,166 acre feet. It's current annual replenishment

1 obligation is 30,000 acre feet. This replenishment
2 obligation is projected to grow to 86,900 by the Year 2034.

3 CAGRD's current and foreseeable future water sources
4 include C.A.P. subcontract entitlements amounting to
5 8,311 acre feet, 18,850 acre feet of NIA, Non-Indian
6 Agricultural priority water; 2,500 acre feet of water through
7 the lease of White Mountain Apache Non-Indian Agriculture
8 priority water; 6,770 acre feet of long-term storage credits;
9 and 2,400 acre feet of effluent.

10 This slide provides some key terms of the lease.
11 The lease term will commence on January 1 of the year
12 following the final effective date of the lease. The term of
13 the lease is initially 25 years and is proposed to renew
14 automatically for one additional 25-year term unless either
15 Quartzsite or CAWCD elect not to renew the lease for an
16 additional term.

17 This lease also includes right of first refusal.
18 That is, before entering into any agreement for the sale,
19 lease, transfer, or conveyance of its Colorado River Water
20 Entitlement, in whole or in part, with a third party,
21 Quartzsite must offer the same portion of its entitlement to
22 CAWCD on the same terms and conditions.

23 This is the final slide of my presentation. I would
24 like to remind everyone that all of this material that I
25 presented, including the application for the transfer, the

1 Substantive Policy Statement, and the newspaper notification
2 is on our website at azwater.gov. I have also provided the
3 date when the comment period ends, by which you are required
4 to submit comments. It has been extended, as I mentioned, to
5 November 20, Monday, 5:00 p.m.

6 Thank you. That is the end of my presentation,
7 Clint.

8 MR. CHANDLER: Do we have speaker cards, Amy? It
9 appears we do. As I mentioned earlier, the purpose of
10 today's meeting is to provide members of the public with the
11 opportunity to make oral or written comments on the pending
12 application for the proposed lease and transfer of the Town
13 of Quartzsite's Fourth Priority Colorado River Water to the
14 Central Arizona Water Conservation District.

15 We, therefore, want to ensure that every person who
16 wishes to speak today has an opportunity to be heard. So I
17 will ask that only one person speak at a time. All speakers
18 should use the microphone and give their name and
19 affiliation.

20 All comments should be addressed to the Arizona
21 Department of Water Resources, should be relevant to the
22 application, and should be respectful of the process. Each
23 speaker will be allowed no more than three minutes so
24 everyone has the opportunity to speak. Time allotted for
25 public comments can be used most efficiently by selecting a

1 single representative to speak on behalf of a group or
2 organization.

3 Please be respectful and allow the speaker to
4 proceed without interruptions. This will allow us all to
5 hear and listen to each other's comments and for the court
6 reporter to accurately capture today's dialogue.

7 I will now begin calling the names of the
8 individuals who submitted speaker cards. If you wish to
9 speak and have not yet filled out a speaker card, please
10 complete one of the cards at the table near the entrance and
11 provide your card to Amy.

12 When I call your name, please come up to the podium,
13 state your name, identify any person or entity that you
14 represent, and then give your comments. The first name is
15 Mike Roth.

16 MIKE ROTH: My name is Mike Roth. I have no
17 professional affiliations. I am a resident of Quartzsite of
18 which many of us oppose this water transfer. We oppose it so
19 much we thought we had a chance through a referendum, and we
20 needed to get 84 votes, and in the middle of the summer we
21 got 200. What we opposed was the secrecy and the way it was
22 done with our Town Manager right here in the red, Jim
23 Ferguson, who lives in Phoenix and is not from Quartzsite.
24 This was after three meetings of executive session
25 discussion, and they allowed approximately 30 minutes of

1 public comment, which was a wham, bam, thank you, ma'am. We
2 are doing it anyway.

3 It has really upset a lot of people, because there
4 was a lot of fear tactics we could lose this opportunity, and
5 like you said, the ultimate deadline is 2029, correct? There
6 was no public meetings, discussions, nothing, and we fought
7 it, and they say you got no legal reason to do this, because
8 it was a lease.

9 Then it all came out that it was originally proposed
10 as an outright sale, but we opposed that and a way to get
11 around it is to do the lease. We don't think it's fair and
12 democratic at all, if we still believe in that in this
13 country. So I represent the 200 people who signed the
14 referendum in Quartzsite that opposes this and the way it was
15 done, the secrecy, no public input, and no way for recourse
16 other than here I am. Thank you.

17 MR. CHANDLER: Thank you, Mr. Roth. Our next
18 speaker is Perri Benemelis.

19 PERRI BENEMELIS: My name is Perri Benemelis. I'm
20 the Manager of the Water Supply Program for the Central
21 Arizona Groundwater Replenishment District. The proposed
22 lease and transfer of Quartzsite's Colorado River Entitlement
23 is a win-win situation for the Town and for the Central
24 Arizona Groundwater Replenishment District stakeholders.
25 While the Town is not presently in a position to utilize its

1 Colorado River Entitlement, the Town does currently need
2 funding to improve the reliability and capacity of its
3 groundwater supply system to serve its nearly 4,000 full-time
4 residents.

5 The lease and transfer will allow the Town to put
6 its entitlement to beneficial use through lease to CAWCD,
7 provide the Town with the funds to make those improvements,
8 and preserve its right to directly utilize the Colorado River
9 Entitlement in the future. In the meantime, CAWCD will have
10 access to a much-needed renewable water supply to meet its
11 groundwater replenishment obligations in Central Arizona.

12 Importantly, the lease and transfer will not
13 physically change current diversions of Colorado River water
14 or impact the quality or quantity of Colorado River water
15 available to other users. Each year CAWCD diverts all
16 otherwise unused Arizona Colorado River water including the
17 Quartzsite Entitlement, which then becomes part of the excess
18 pool that is used by Central Arizona Agriculture, the Arizona
19 Water Banking Authority, the CAGRD, and others. This water
20 has been diverted for many years by CAWCD.

21 For this reason, nothing in this agreement changes,
22 harms, or diminishes the water supply of any other mainstream
23 water user. The only change that will result from the lease
24 and transfer is that a dedicated reliable water supply will
25 be available to CAGRD, Quartzsite will be paid for putting

1 its water to beneficial use, and the reliability and capacity
2 of the Quartzsite water supply system will be improved.

3 MR. CHANDLER: Thank you, Ms. Benemelis.

4 Our next speaker is Jim Ferguson.

5 MR. FERGUSON: My name is Jim Ferguson. I'm the
6 Town Manager for the Town of Quartzsite. I'm here today to
7 inform you that the Town of Quartzsite, through its elected
8 officials, has been working on this for, well, going on two
9 years now, I guess, when it first started well before I
10 became Town Manager. The previous Council and the current
11 Council spent a considerable amount of time looking at what
12 we could do, and we have done for many years looked at what
13 we could do with these rights. There is a lot of things that
14 we could consider, but most of those cost far more than what
15 the Town can afford at this time.

16 We do believe, however, that the Town of Quartzsite,
17 like many communities, will grow, and we will at some point
18 need this water. So we have looked for the way to best
19 preserve this right so that we have water available to us in
20 the future. At one point, it's true that the previous
21 Council did look at selling it, but it was determined that we
22 really didn't want to do that, because we didn't want to lose
23 the water itself or the rights to that water, so the lease
24 was the best opportunity.

25 We believe it's an opportunity for us to make

1 beneficial use of the water, and we also believe that the
2 lease itself provides us with the necessary funds to be able
3 to access a greater supply of groundwater so that between now
4 and the time the first 25 years expires we will be able to
5 develop that groundwater source and have a more stable supply
6 for our citizens. This has been determined by the Council
7 over a number of meetings in order to ensure that the supply
8 is sufficient and reliable.

9 Thank you for your time.

10 MR. CHANDLER: Thank you, Mr. Ferguson.

11 Our next speaker is Maggie Galloghy.

12 MAGGIE GALLOGHY: Mr. Chair, I respectfully withdraw
13 my request to speak.

14 MR. CHANDLER: Okay. That was our last speaker
15 card. Is there anyone else who would like to speak? Okay.

16 Let the record reflect that no one else desires to
17 speak. The formal part of this public meeting is adjourned.
18 We will continue to receive comments up to 3:00 today, if
19 anyone else were to arrive with those.

20 Thank you all for attending and providing comments.

21 (Whereupon, the meeting was adjourned at 1:24 p.m.)

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I HEREBY CERTIFY that the proceedings had upon the foregoing hearing are contained in the shorthand record made by me thereof, and that the foregoing 16 pages constitute a full, true, and correct transcript of said shorthand record, all done to the best of my skill and ability.

DATED at Phoenix, Arizona, this 18th day of November, 2017.

VICKI L. O'CEALLAIGH CHAMPION
CR No. 50534