

City Council Regular Meeting

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Meeting Date: 06/21/2021
Recommended by: Larry Rains
Finance Director Review: Angele Ozoemelam
City Attorney Review: Brett Wallace
Approved by: Larry Rains
Type of Action Requested: Formal Action/Motion

Prepared by: Larry Rains, City Manager
Date Submitted: 06/12/2021

SUBJECT:

Consideration of a Memorandum of Cooperation between the City of Casa Grande and the Arizona Water Company to establish the parameters and framework of a partnership to utilize the City of Casa Grande's Designation of Assured Water Supply to provide a potential pathway for development to transpire in portions of Copper Mountain Ranch.

RECOMMENDATION:

It is recommended the Mayor and City Council approve the proposed Memorandum of Cooperation between the City of Casa Grande and Arizona Water Company.

DISCUSSION:

In the late 1980's and early 90's the City of Casa Grande approved a master-planned development known as Copper Mountain Ranch. The development is located in the Sacaton Mountains west of Pinal Avenue, south of Interstate-10, and north of Val Vista Blvd. The City Council also agreed to form a Communities Facilities District (CFD) concurrent with the development agreement. In 2002, the CFD purchased the assets of the Anderson Brothers and Mohawk Water company, known today as the Anderson-Mohawk Water Company, as a potential water ranch to provide water supply for Copper Mountain Ranch. The City of Casa Grande continues to operate the water company, providing service to approximately 250 customers. In 2003, the CFD applied for and secured a Designation of Assured Water supply for 4,113 acre-feet based on groundwater physically available in the vicinity of the Anderson-Mohawk Water Company, which by the Designation's terms is an assured water supply for future subdivisions in the Development. Concurrent with the approval of the Designation, the Anderson-Mohawk water system and Designation was transferred to the City.

In 2006, the City approved the expansion of the development area, expanded the CFD boundaries, and amended the development agreement to include portions of land south of Val Vista Blvd. The amended development was primarily focused on residential and resort community that would be a neighborhood-based development revolving around a network of open space as well as more traditional park and neighborhood amenities. Shortly after the approvals, a national economic downturn occurred causing the development to cease immediate plans. During the housing development downturn, several large tracts of the development were sold. Today, there are currently four property owners that have holdings in the development. The City has made an application to expand the Designation boundaries to align with the boundaries of the entire development. That application has been delayed by the Arizona Department of Water Resources due to the issues with Pinal AMA water model.

In recent years, we have been approached by property owners related to finding a pathway to development. Some of the developers have made applications for assured water supply. These applications have not been approved by ADWR for similar reasons as the City's Designation application. Staff approached Arizona Water Company regarding the topic during our water resources planning discussions. After careful research and analysis, a set of objectives were established that could be utilized to facilitate discussions with the developers and Arizona Department of Water Resources related to developing a water solution that would allow development to proceed. Those objectives included: 1. Develop Copper Mountain Ranch in an affordable manner. 2. Rely on the City's Designation of Assured Water Supply to entitle lands within the Designation boundaries. 3. Leverage Arizona Water Company's water system to provide water services to Copper Mountain Ranch in the short-term. 4. Leverage the CFD to finance the cost of building water infrastructure. 5. Develop the most appropriate operation, maintenance, and improvement arrangements for the Anderson-Mohawk and Copper Mountain Ranch water systems.

From these objectives, the team has developed the attached Memorandum of Cooperation. At the Council Study Session held on June 21, 2021, the team outlined the various components and potential options that could be utilized to facilitate a water solution for the development. Both parties understand there are several steps and approvals that must be completed and granted in order to achieve the goal of proceeding with development plans in this area. The attached Memorandum provides a framework of mutual cooperation between the two entities and identifies, from a policy perspective, that the Mayor and City Council are supportive of the partnership between the two entities as various options are pursued with the Arizona Department of Water Resources and the developers. Should a clear pathway be identified, the Mayor and City Council would consider various agreements necessary for achieving the goal. The Memorandum of Consideration could be terminated by either party without penalty or further obligation.

FISCAL IMPACT:

There is no immediate fiscal impact, outside of staff resources at this time. Once a potential option has been identified and vetted, staff time and professional services, such as consultants and attorney's, may be required. Staff will follow procurement guidelines, which may result in Council considering service agreements with various entities. Staff will provide routine updates on the progress of these efforts. \$50,000 has been budgeted in the FY22 budget for these efforts.

ALTERNATIVES:

Decline approving the Memorandum of Cooperation.