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# Board of Supervisors Memorandum

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December 4, 2007

## Green Valley Proposed CAP Water Pipeline

### Introduction

On December 5, 2007, the Arizona Corporation Commission is holding a special open meeting to take public comment on the proposed Central Arizona Project (CAP) water pipeline that would offset groundwater pumped from a Sahuarita well field for the Rosemont Mine. The proposed CAP pipeline is the result of an offer made to Community Water Company of Green Valley (CWC) by Augusta Resources Corporation (see Attachment 1).

This offer was made to CWC in a letter of intent discussed in my November 2, 2007 memorandum to the Board (Attachment 2). The letter of intent, dated July 12, 2007, was not made public until October 25, 2007. There are a number of issues related to the proposal. Among them are:

1. The proposal meets less than ten percent of the present projected water use of the area in 2015.
2. There appears to be no requirement that Augusta Resources funding will be committed to the pipeline extension if the mine is not permitted.
3. The funding obligations or other commitments for pipeline expansion must be made by mid-November, which did not allow for collaboration by any other parties on this project.
4. The recharge site is in a different, unrelated location from where Augusta Resources Corporation will be pumping groundwater.
5. There is no commitment regarding the fate of CAP water stored by Augusta Resources Corporation. Long-term credits could be accumulated and would not benefit the regional aquifer because credits could be recovered as groundwater in the future.
6. The agreement clearly advantages Augusta Resources Corporation.

### Pima County Opposition to the Proposed Rosemont Mine

On January 16, 2007, the Board adopted Resolution 2007-15 in opposition to the proposed Rosemont Mine being developed by Augusta Resources (Attachment 3). The resolution also called for the permanent withdrawal of Coronado National Forest lands and Pima County Reserve lands from mining and mineral exploration. Pima County has numerous concerns about the impacts of the proposed mine. Any actions that facilitate development of the Rosemont Mine are in conflict with the Board's position.

### **Hydrologic Impacts to the Sahuarita-Green Valley Area**

In comments submitted to the United States Forest Service on July 31, 2006 and July 11, 2007, staff questioned the hydrologic impacts of the proposed wells in the Sahuarita area and called for extensive modeling to assess impacts of these wells on an area already extremely over drafted (Attachment 4). The Arizona Department of Water Resources (ADWR) has standards of review to determine whether most new wells in the Tucson Active Management Area would unreasonably increase damage to surrounding land or other water users. They do not, however, apply to mineral extraction well permits, such as those that will provide water to the proposed Rosemont Mine. This means State rules do not protect existing well owners from impacts of new groundwater use. Rosemont has applied for a mineral extraction withdrawal permit for the mine's Sahuarita well and a second well is being tested.

On October 30, 2007, Farmers Investment Company (FICO) and Farmers Water Company filed objections with the Arizona Department of Water Resources on the issuance of a Permit to Withdraw Groundwater for Mineral Extraction and Metallurgical Processing for wells that will supply water for the mine (Attachment 5). The basis for their objections is additional groundwater drawdown may adversely impact FICO lands and potential migration of a sulfate plume west of FICO property. Notwithstanding the statutory exemptions for well spacing studies in ARS 45-598, ADWR can require Augusta Resources to demonstrate that their pumping will not cause migration of contaminated groundwater.

### **Long-Term Green Valley Water Supply**

The Upper Santa Cruz Basin does not have a sustainable water supply given the current groundwater pumping rates in the Upper Santa Cruz River Basin. In my October 2, 2007 memorandum and report to the Board, it was noted that metal mining and agriculture account for 85 percent of the groundwater used in 2006 (Attachment 6). To create a sustainable water supply in the Upper Santa Cruz Basin, regional collaboration among the water use sectors is needed to build the infrastructure to deliver renewable water to the area. The projected water use for the area in 2015 is over 88,000 acre-feet and unfortunately, the proposed CAP pipeline would deliver only 5,000 acre-feet, far short of the water needed to achieve a sustainable, long-term water supply.

### **Conclusions and Recommendations**

I have placed a resolution on the Board's December 4, 2007 agenda for consideration. The Augusta Resources proposal has the potential to impact residents and nearby groundwater wells and it does not achieve a sustainable, long-term water supply solution for the Upper Santa Cruz area.

The Honorable Pima County Board of Supervisors  
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It is appropriate that Pima County's position on this matter be expressed to the Arizona Corporation Commission at the December 5, 2007 public meeting as the Commission has the power to act in the broad public interest and has statutory authority to take actions to protect the health and safety of the citizens of Arizona in matters related to public utilities.

It is respectfully recommended that the Board take the following actions:

1. Approve the attached resolution regarding the proposed CAP pipeline, and
2. Present the Board of Supervisors' concerns to the Arizona Corporation Commission at the December 5, 2007 public meeting, and
3. Hold a public meeting on December 18, 2007 at 9:00 a.m. at the Board of Supervisors hearing room for the purpose of receiving public comment on the matter from interested parties.

Respectfully submitted,



C.H. Huckelberry  
County Administrator

CHH/jj

Attachments

- c: John Bernal, Deputy County Administrator - Public Works  
Suzanne Shields, Regional Flood Control District Director  
Kathleen Chavez, Water Policy Manager, Regional Flood Control

RESOLUTION NO. 2007-\_\_\_\_\_

RESOLUTION OF THE PIMA COUNTY BOARD OF SUPERVISORS REGARDING THE PROPOSED  
CENTRAL ARIZONA PROJECT (CAP) PIPELINE FOR  
COMMUNITY WATER COMPANY OF GREEN VALLEY

WHEREAS, on January 16, 2007, and after review of the July 31, 2006 Rosemont Mine Plan of Operations, the Pima County Board of Supervisors approved Resolution No. 2007-15 opposing the proposed Rosemont Mine.

WHEREAS, Resolution No. 2007-15 called for the permanent withdrawal of Coronado National Forest lands and Pima County Reserve lands from mining and mineral exploration.

WHEREAS, Pima County submitted comments dated July 31, 2006 and July 11, 2007 to the US Forest Service on the Rosemont Mine Plan of Operations questioning the hydrological impacts of the proposed wells in the Sahuarita area.

WHEREAS, Pima County's requests for a validity exam of Rosemont's claims have been rejected by the Forest Service.

WHEREAS, the Arizona Department of Water Resources standards of review to determine whether new wells increase damage to surrounding land or other water users in Active Management Areas appear not to apply to Rosemont's mineral extraction well permit.

WHEREAS, Rosemont has applied for one mineral extraction withdrawal permit for the proposed mine and a second well is being tested.

WHEREAS Pima County called for extensive groundwater modeling to assess the impacts of these wells on an area that is already extremely over drafted.

WHEREAS, the Farmers Investment Company (FICO), by way of a letter dated October 30, 2007, has stated objection to the issuance of one of the mineral extraction well permits, Application No. 59-215979.0000, due to the potential that the water pumping could cause an addition 150 feet of drawdown during a 20-year period and could cause a migration of a sulfate plume from mining operations west of FICO property.

WHEREAS, on October 2, 2007, a report was provided to the Board of Supervisors which found that:

1. The aquifer in the Sahuarita-Green Valley area is being over drafted
2. The area is in need of sustainable water supply options, including the construction of infrastructure to deliver CAP water
3. Water supply infrastructure is needed to provide renewable water for all water use sectors in the area, including municipal, agriculture, turf and metal mining
4. A collaborative process that would provide an opportunity for water use sectors to participate in construction of water delivery infrastructure for the Sahuarita-Green Valley area is needed.

WHEREAS, on October 25, 2007, Community Water Company of Green Valley made public a Letter of Intent between Community Water Company of Green Valley and Augusta Resource Corporation that describes a proposal for the construction and operation of a Water Delivery System to transport and recharge Central Arizona Project (CAP) water in the service area of Community Water Company of Green Valley.

WHEREAS, Augusta Resources Corporation would have first priority for the utilization of the proposed Water Delivery System and recharge design capacity for 15 years from the initial operation of the Water Delivery System.

WHEREAS, the proposed water delivery system would be used to store CAP water and generate credits in an area distant from the mineral extraction wells and mining activities at the proposed Rosemont mine.

WHEREAS, Community Water Company of Green Valley provides municipal water service to approximately 18,000 residents in Pima County.

WHEREAS, Community Water Company of Green Valley is a water utility regulated by the Arizona Corporation Commission.

WHEREAS, Arizona Corporation Commission is holding a Special Open Meeting on Wednesday, December 5, 2007 at 1:00 p.m. for the purpose of public comment on the Proposed CAP Water Pipeline.

NOW, THEREFORE, UPON MOTION DULY MADE, SECONDED AND CARRIED, BE IT RESOLVED THAT:

1. Pima County attend the Special Open Public meeting to be held by the Arizona Corporation Commission on December 5, 2007.
2. The following issues will be raised at the Special Open Meeting
  - a. Pima County supports the direct use of CAP water for mining versus the use of ground water.
  - b. There appears to be no requirement that Augusta Resource Corporation funding will be committed to the pipeline extension if the mine is not permitted.
  - c. The funding obligations or other commitments for the pipeline expansion must have been made by mid-November, which did not allow any collaboration by any other parties on the project.
  - d. The CAP pipeline proposal meets less than ten percent of the projected water use of the area in 2015.
  - e. If built as a single-purpose pipeline, the proposed CAP pipeline would reduce the opportunities for later expansions.
  - f. The proposed CAP pipeline would not address the impacts of groundwater depletion upon existing users caused by the proposed mineral extraction wells.
  - g. The proposed agreement advantages Augusta Resources Corporation.
3. The Board direct staff to take the following actions:
  - a. Facilitate and assist Green Valley municipal providers, as well as existing mine and agricultural water users to cooperate in the extension and financing of a CAP Pipeline to provide both direct use of CAP renewable water supplies, as well as recharge of same.
  - b. Initiate State legislation to enable the Arizona Department of Water Resources to require impact studies before issuance of mineral extraction well permits.
  - c. Continue to support the initiation in Federal legislation to withdraw lands in the Coronado National Forest and Pima County reserves from mining and mineral exploration.
  - d. Continue to support a validity exam of the Rosemont mining claims due to concerns regarding the profitability of mineral located in the US Forest Claims.


Passed by the Board of Supervisors of Pima County, this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

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Chairman, Pima County Board of Supervisors

ATTEST:

\_\_\_\_\_  
Clerk of the Board

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Deputy County Attorney

**REVISED NOTICE  
SPECIAL OPEN MEETING  
OF THE ARIZONA CORPORATION COMMISSION**

**Green Valley Town Hall  
Proposed CAP Water Pipeline**

**DATE: Wednesday, December 5, 2007**

**TIME: 1:00 p.m.**

**American Legion Hall  
1560 W. Duval Mine Road  
Green Valley, Arizona 85614**

**This shall serve as notice of a special open meeting of the Arizona Corporation Commission at the above location for consideration, discussion, and possible vote of the items on the following agenda and other matters related thereto. Please be advised that the Commissioners may use this open meeting to ask questions about the matters on the agenda; therefore, the parties to the matters to be discussed or their legal representatives are requested, though not required, to attend. The Commissioners may move to executive session, which will not be open to the public, for the purpose of legal advice pursuant to A.R.S. §§ 38-431.03.A.2, 3 and/or 4. on the matters noticed herein. The Commissioners may also move to executive session, which will not be open to the public, for other purposes specified in A.R.S. §§ 38-431.03, including discussions, consultations or considerations of Commission personnel and salary matters, on matters noticed herein.**

**The Arizona Corporation Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, as well as request this document in an alternative format, by contacting Linda Hogan, phone number (602) 542-3931, E-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov). Requests should be made as early as possible to allow time to arrange the accommodations.**

**DEAN S. MILLER  
Interim Executive Director**

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**AGENDA**

1. Welcome
2. Introduction
3. Public Comment on the Proposed CAP Water Pipeline
4. Closing

**NOTE: NO VOTES WILL BE TAKEN ON THIS MATTER DURING THIS TOWN HALL MEETING**