



MEMORANDUM MUNICIPAL UTILITIES - MEMO NO. MUA16-014

DATE: AUGUST 13, 2015
TO: MAYOR AND COUNCIL
THRU: MARSHA REED, ACTING CITY MANAGER MR
NACHIE MARQUEZ, ASSISTANT CITY MANAGER NM
DAVE SIEGEL, MUNICIPAL UTILITIES DIRECTOR DS
FROM: DOUG TOY, WATER REGULATORY AFFAIRS MANAGER DT
SUBJECT: RESOLUTION NO. 4870 AUTHORIZING AMENDMENT NO. 1 TO THE GRANITE REEF UNDERGROUND STORAGE PROJECT INTERGOVERNMENTAL AGREEMENT AMONG SALT RIVER VALLEY WATER USERS' ASSOCIATION, SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, AND THE MUNICIPAL CORPORATIONS OF CHANDLER, GILBERT, MESA, PHOENIX, SCOTTSDALE, AND TEMPE

RECOMMENDATION: Staff recommends City Council adopt Resolution No. 4870, authorizing Amendment No. 1 to the Granite Reef Underground Storage Project Intergovernmental Agreement among Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District, and the Municipal Corporations of Chandler, Gilbert, Mesa, Phoenix, Scottsdale, and Tempe.

BACKGROUND AND DISCUSSION: On February 26, 1993, Chandler, Gilbert, Mesa, Phoenix, Tempe, and the Salt River Project (SRP) signed an Intergovernmental Agreement (IGA) authorizing them to construct and operate the Granite Reef Underground Storage Project (GRUSP). GRUSP is located in the Salt River, just east of Gilbert Road, and uses spreading basins to recharge water. Figure 1 shows GRUSP's location. It is an important recharge facility needed to manage Chandler's water resources. Chandler recharges SRP and Central Arizona Project waters at GRUSP to offset groundwater pumping and to store water underground for future use.

SRP leases land from the Salt River Pima Maricopa Indian Community (SRPMIC) reservation because some recharge basins are on SRPMIC property. The original SRPMIC/SRP land lease expired in September 2013. SRP, along with the GRUSP Cities, agreed to extend the land lease to December 31, 2032. Amendment No. 1 incorporates the extended land lease into the GRUSP IGA, extends the IGA to December 31, 2032, and formalizes actions taken in accordance to the

original 1993 IGA. Exhibit B is the SRP/SRPMIC land lease agreement, and Exhibit C indicates each cities' and SRP's storage entitlement. Amendment 1 references the revised Exhibits B and C. Since these exhibits are voluminous, they are not included in this memo, but are available for review at the City Clerk's Office.

FINANCIAL IMPLICATIONS: None

PROPOSED MOTION: Move City Council pass and adopt Resolution No. 4870, authorizing Amendment No. 1 to the Granite Reef Underground Storage Project Intergovernmental Agreement among Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District, and the Municipal Corporations of Chandler, Gilbert, Mesa, Phoenix, Scottsdale, and Tempe.

Attachments: Resolution No. 4870
 Figure 1
 Amendment No. 1

Granite Reef Underground Storage Project (GRUSP)

Figure 1



RESOLUTION NO. 4870

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA AUTHORIZING AMENDMENT NO. 1 TO THE GRANITE REEF UNDERGROUND STORAGE PROJECT INTERGOVERNMENTAL AGREEMENT AMONG SALT RIVER VALLEY WATER USERS' ASSOCIATION, SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AND THE MUNICIPAL CORPORATIONS OF CHANDLER, GILBERT, MESA, PHOENIX, SCOTTSDALE, AND TEMPE

WHEREAS, the Granite Reef Underground Storage Projection ("GRUSP") was authorized by this IGA and the parties have been operating this GRUSP for twenty years to supplement water storage by storing water underground for later recovery and use as provided by Arizona law; and

WHEREAS, the IGA identified the term of that Agreement continuing through the initial term of the land lease and through any renewals or extensions of such land lease or any new land lease(s) recommended by the GRUSP Committee and for which the IGA is amended to extend its term; and

WHEREAS, the renewed Land Lease for property used for GRUSP has approximately a twenty (20) year term, which was begun on September 9, 2013 and which will end on December 31, 2032 with an option to renew upon expiration, for a term not to exceed twenty (20) years; and

WHEREAS, the parties want to amend the IGA to extend its term as is allowed by the IGA; and

WHEREAS, the parties want to amend the IGA to reflect certain conveyances of GRUSP storage entitlement which changed the percentage of entitlement owned by some of the parties.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Chandler, Arizona, as follows:

1. That the Mayor of the City of Chandler is hereby authorized to execute the Amendment No. 1 to the Granite Reef Underground Storage Project Intergovernmental Agreement Among Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District and the Municipal Corporations of Chandler, Gilbert, Mesa, Phoenix, Scottsdale, and Tempe.
2. That the Mayor of the City of Chandler is hereby authorized to sign the above-listed Agreement on behalf of the City of Chandler.
3. That the various City offices and employees be and they hereby are authorized and directed to perform all acts necessary to give effect to this Resolution.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona this ____ day
of _____, 2015.

ATTEST:

CITY CLERK

MAYOR

APPROVED AS TO FORM:

CITY ATTORNEY *CA*

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4870 was duly passed and
adopted by the City Council of the City of Chandler, Arizona at a regular meeting held on the
____ day of _____, 2015, and that a quorum was present thereat.

City Clerk

AMENDMENT NO. 1

TO THE GRANITE REEF UNDERGROUND STORAGE PROJECT INTERGOVERNMENTAL AGREEMENT AMONG SALT RIVER VALLEY WATER USERS' ASSOCIATION, SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AND THE MUNICIPAL CORPORATIONS OF CHANDLER, GILBERT, MESA, PHOENIX, SCOTTSDALE, AND TEMPE

This Amendment No. 1 ("Amendment"), dated this 2nd day of April, 2015, hereby amends the *Granite Reef Underground Storage Project Intergovernmental Agreement Among Salt River Valley Water Users' Association, Salt River Project Agricultural Improvement and Power District and the Municipal Corporations of Chandler, Gilbert, Mesa, Phoenix, Scottsdale, and Tempe* ("IGA") dated February 26, 1993. Capitalized terms used in this Amendment and not otherwise defined shall have the meanings set forth in the IGA.

RECITALS:

WHEREAS, the Granite Reef Underground Storage Project ("GRUSP") was authorized by this IGA and the parties have been operating this GRUSP for twenty years; and

WHEREAS, the IGA identified the term of the Agreement in Section 5.1 as "through the initial term of the land lease; and through any renewals or extensions of such land lease or any new land lease(s) recommended by the GRUSP Committee and for which this Agreement is amended to extend its term pursuant to Section 9.5.7"; and

WHEREAS, the renewed Land Lease for GRUSP has a twenty (20) year term, which has begun on September 9, 2013 and which will end on December 30, 2032 with an option to renew upon expiration, for a term not to exceed twenty (20) years; and

WHEREAS, the Participants agreed at the July 14, 2014 GRUSP Committee meeting that the term of the IGA should be amended according to the IGA.

WHEREAS, by letter dated October 16, 1996 Salt River Project confirmed the conveyance of 13.28% of the GRUSP entitlement to the City of Chandler, and the parties want to incorporate that instrument of conveyance as Exhibit I to the GRUSP IGA; and

WHEREAS, the parties also want to amend Exhibit C to reflect the changes in Chandler's GRUSP entitlement from 6.72% to 20.00%, and in SRP's GRUSP entitlement from 33.59% to 20.31% as a result of the SRP's conveyance to Chandler; and

WHEREAS, the parties also want to amend Exhibit C to reflect the changes in Scottsdale's GRUSP entitlement from 2.16% to 3.285%, and in Phoenix' GRUSP entitlement from 26.88% to 25.755% as a result of Phoenix' conveyance of 1.125% of the GRUSP entitlement to Scottsdale.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained herein and other good and valuable consideration, the parties do hereby agree as follows:

AGREEMENT:

1. The term of the IGA is hereby amended to be in effect through the extended term of the Land Lease to December 31, 2032, and through any renewals or extensions of such land lease or any new land lease(s) recommended by the GRUSP Committee and for which this Agreement is amended to extend its term pursuant to Section 9.5.7.

2. Section 4.13 is hereby deleted in its entirety and replaced with a new Section 4.13 to read as follows:

“4.13 LAND LEASE:

The land lease for the GRUSP entered into between the Salt River Pima Maricopa Indian Community (SRPMIC) as Lessor and District as Lessee, attached hereto as Exhibit B, entitled: “BUSINESS LEASE B-245 BETWEEN THE SALT RIVER PIMA MARICOPA INDIAN COMMUNITY (“Lessor”) and THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT (“Lessee”) and dated [December 6, 2013?]”.

3. Exhibit B is hereby deleted in its entirety and replaced by the attached “Exhibit B (Revised April 16, 2015).”

4. Exhibit C is hereby deleted in its entirety and replaced with the attached “Exhibit C” with footnote “RSS 1-12-05.”

5. The October 16, 1996 letter from Paul A. Cherrington, Salt River Project, to Karen Barfoot, Acting City Engineer, City of Chandler, Re: GRUSP Conveyance Agreement, attached hereto is incorporated hereby as Exhibit I to the GRUSP IGA.

6. Except as modified by this Amendment, all terms of this IGA shall remain in full force and effect.

7. This Amendment shall become effective upon execution by the Parties, and shall remain in effect throughout the term of the GRUSP IGA.

IN WITNESS WHEREOF, the parties have executed this *Amendment No. 1 to the Granite Reef Underground Storage Project Intergovernmental Agreement Among Salt River Valley Users’ Association, Salt River Project Agricultural Improvement and Power District and the Municipal Corporations of Chandler, Gilbert, Mesa, Phoenix, Scottsdale, and Tempe* as of the date first set forth above.

Attest and Countersign

SALT RIVER VALLEY WATER USERS’ ASSOCIATION

Secretary

By

President

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE SALT RIVER VALLEY
WATER USERS' ASSOCIATION

Attest and Countersign

CITY OF CHANDLER

City Clerk

By _____
Title:

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE CITY OF CHANDLER

City Attorney *CH*

Attest and Countersign

TOWN OF GILBERT

Town Clerk

By _____

Title:

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE TOWN OF GILBERT

Town Attorney

Attest and Countersign

CITY OF MESA

City Clerk

By

Title:

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE CITY OF MESA

City Attorney

Attest and Countersign

CITY OF PHOENIX

City Clerk

By _____

Title:

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE CITY OF PHOENIX

City Attorney

Attest and Countersign

CITY OF SCOTTSDALE

City Clerk

By

Title:

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE CITY OF SCOTTSDALE

City Attorney

Attest and Countersign

CITY OF TEMPE

City Clerk

By

Title:

APPROVED AS TO FORM AND WITHIN
THE POWER AND AUTHORITY GRANTED
UNDER THE LAWS OF THE STATE OF
ARIZONA TO THE CITY OF TEMPE

City Attorney