

October 21, 2021

Hello Rio Verde Foothills Residents,

It's been an eventful few months since our community last convened to share opinions about potential water solutions for the Rio Verde Foothills. Whatever your view, the RVF Water Resources team wants to keep everyone updated as new information becomes available.

**SUPERVISOR CHUCRI IS RESIGNING EFFECTIVE 11-5-2021:**

Supervisor Chucri, who has been a staunch supporter of the Foothill's desire to secure a long-term source of water, is stepping down from his position on the Board of Supervisors effective 11-5-2021. The County is currently taking applications for his replacement.

Both the RVF Water Resources team and Maricopa County are continuing to work on solutions for the Foothills. The County will be sharing an update on their progress from Mike Pearce, the Water Attorney for the County, within the next month.

**WATER HAULING FROM JOMAX FILL STATION FOR THE RIO VERDE FOOTHILLS WILL CEASE EFFECTIVE 12/31/2022:**

RVF Water Resources Inc. had a meeting on 10/4/2021 with Brian Biesemeyer, Executive Director for Scottsdale Water. Brian confirmed water hauling will be restricted to only residents residing within Scottsdale city limits per Scottsdale's Drought Management Plan effective 12/31/2022. A letter dated 10/6/2021 was mailed to ALL water hauling customers; both private (self-hauling) & commercial, notifying them that proof of hauling to a residence or businesses *within Scottsdale boundaries* will be required. (See attached.)

**INTERIM WATER SUPPLY:**

During the meeting on 10/4/2021 Brian said the City would consider negotiating to continue to supply water for hauling to the Foothills on an interim basis, if the DWID was approved and was able to replenish the water used.

**HARQUAHALA VALLEY WATER SOURCE:**

In December 2021, Water Asset Management will start entering into agreements for purchase of available Harquahala Valley (HV) water. It is imperative that the County is ready to secure this water for our community since the DWID has not been approved. (NOTE: There is increased competition for this water source. Several developers within Pinal County are looking at using HV water for future development since applications for groundwater withdrawal are not being approved by Arizona Department of Water Resources in the Pinal Active Management Area. Central Arizona Groundwater Replenishment District, the State Land department, Cities & others are also considering HV as a possible water source.)

**EDMONTON POWER CORPORATION (EPCOR) OR OTHER PRIVATE UTILITY:**

While EPCOR or another private utility may be a part of the solution proposed by County, some concerns are:

1. **WOULD WATER BE LEGALLY OBLIGATED** to individual parcels in the Foothills? A private utility, like EPCOR, would have to include those properties within their Certificate of Convenience & Necessity (CC&N) which defines the service area for a water utility (Not a DWID or city) and obligates the water to those properties.
  - This would enable a private utility to have the right to approve or deny future wells or the re-drilling of current wells within the Foothills.
  - All properties would be included in the service area of the CC&N whether they agreed to it or not.
2. **WE DO NOT WANT A TEMPORARY SOLUTION:** If water is not legally obligated to RVF properties via a CC&N, then a long-term water solution for the future would be delayed. NOTE: A 10-year contract with EPCOR was obtained for New River/Desert Hills; their community still has NO long-term, legally obligated source of water.
3. **FUTURE DEVELOPMENT:** A CC&N could exponentially encourage future development in the Foothills.
4. **FOREIGN CONTROL OF OUR WATER: EPCOR is a foreign entity**, and the City of Edmonton, Alberta, Canada is the sole shareholder. They received \$171 million in dividends in 2020.

5. **FUTURE WATER COSTS:** On September 1, 2021, Bullhead City, AZ took possession of their water system from EPCOR. Bullhead City Manager stated, *“Local control is by far the best way to operate a water system. No Arizona community should want its water rates and systems controlled by a Canadian city.”*<sup>1</sup>
6. **EFFECT ON PRIVATE WELLS:** EPCOR or a private utility would have the right to apply for more wells or withdrawals from our aquifer/sub-basin.
7. **INFRASTRUCTURE:** EPCOR makes their money by building infrastructure. The Foothills residents have made it clear they do not want to pay for expensive infrastructure running to their properties.
8. **WELLS IN OUR AQUIFER:** A private utility has the right to apply for & serve water from wells in our aquifer/sub-basin.

#### **WATER REQUIREMENTS FOR LENDERS:**

For Conventional mortgage loans to be eligible for purchase or securitization through Fannie Mae, the appraisal requires a dedicated source of water for those on water hauling.<sup>2</sup>

#### **WATER SCARCITY:**

We have talked with several water attorneys, water entities, water sources, and several City and State officials who have all advised us to secure a long-term source of water now while there is water to purchase. In the near future, water availability will be increasingly scarce.

#### **IN SUMMARY:**

**Whatever your thoughts on the water situation, with the loss of Scottsdale Water at the end of 2022, it is now undeniably imperative that the Rio Verde Foothills secures its own long-term source of water.**

**The DWID is one option, but we are open to an alternative viable solution. The DWID or any other solution must:**

- **Legally obligate water to properties within the Rio Verde Foothills**
- **Have no negative impact on our aquifer and/or sub-basin or private wells by securing water outside of RVF**
- **Be a permanent long-term solution, not temporary (A 99-year supply is preferred)**
- **Be as cost effective as possible**

**In This Together - RVF Water Resource Team**  
**GotWaterRVF.COM**

**Have questions?? Let's talk!**  
**Karen Nability: 602-299-5222 or Jennifer Simpson: 602-402-2206**

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<sup>1</sup> [City takes over water system: EPCOR receives \\$80 million following judge's ruling | News West Publishing \(mohavedailynews.com\)](https://www.mohavedailynews.com/news/city-takes-over-water-system-epcor-receives-80-million-following-judge-s-ruling/)

<sup>2</sup> <https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/Subpart-B4-Underwriting-Property/Chapter-B4-1-Appraisal-Requirements/Section-B4-1-3-Appraisal-Report-Assessment/1032992601/B4-1-3-04-Site-Section-of-the-Appraisal-Report-06-05-2018.htm>