

SUMMARY OF AGENDA ITEM

DATE: September 9, 2008

SUBMITTED BY: Buzz Walker

RESOLUTION/ORDINANCE # 2532

TITLE:

PURPOSE:

To establish Town of Payson water right in CC Cragin Reservoir

SUMMARY OF CHANGES TO ACCOMPLISH THIS PURPOSE:

RECOMMENDED COUNCIL ACTION:

Pass Resolution No. 2432

BACKGROUND:

In order for the Town of Payson to establish a water right in CC Cragin Reservoir pursuant to Arizona law and the Town of Payson/Salt River Project agreement the owner of the water right, the Salt River Project, must agree to sever its interest in 3,000 acre-feet of its 11,000 acre-feet CC Cragin water right and transfer the water right to the Town of Payson in that amount.. The documents attached are a facsimile of the documents that have been approved and signed by the Salt River Project then forwarded to Payson for Mayor Evan's signature. Once signed and submitted to the Arizona Dept. of Water Resources a statutory 400-day approval process begins.

SEP 18 2008 67

RESOLUTION NO. 2432

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE AN APPLICATION TO SEVER AND TRANSFER, A REQUEST FOR ASSIGNMENT OF SURFACE WATER APPLICATIONS AND CLAIMS AND ASSIGNMENT AND REISSUANCE OF PERMITS AND CERTIFICATED RIGHTS, AND AUTHORIZING THE SUBMISSION OF SUCH APPLICATION AND REQUEST TO THE ARIZONA DEPARTMENT OF WATER RESOURCES (C. C. CRAGIN RESERVOIR).

WHEREAS, the Salt River Valley Water Users' Association, the Salt River Project Agricultural Improvement and Power District, and the Town of Payson have executed an agreement that will allow the Town of Payson to obtain water from the C. C. Cragin Reservoir for the use of the Town (the "Agreement"); and

WHEREAS, the Agreement requires the Town to submit an Application to Sever and Transfer to the Arizona Department of Water Resources and a Request For Assignment of Surface Water Applications and Claims and Assignment and Reissuance of Permits and Certificated Rights,

NOW, THEREFORE, THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, DO HEREBY RESOLVE AS FOLLOWS:

Section 1. That the Application to Sever and Transfer, attached hereto as Exhibit "A" and incorporated herein as though set forth in full at this point, be and hereby is approved in substantially the form as set forth in said Exhibit "A".

Section 2. That Kenny J. Evans, Mayor of the Town of Payson, be and is hereby authorized to execute such Application in substantially the form attached.

Section 3. That the Request For Assignment of Surface Water Applications and Claims and Assignment and Reissuance of Permits and Certificated Rights, attached hereto as Exhibit "B" and incorporated herein as though set forth in full at this point, be and hereby is approved in substantially the form as set forth in said Exhibit "B".

Section 4. That Kenny J. Evans, Mayor of the Town of Payson, be and is hereby authorized to execute such Request in substantially the form attached.

Section 5. That the Town of Payson be and hereby is authorized to submit such Application to the Arizona Department of Water Resources.

Section 6. That the Town of Payson be and hereby is authorized to take such other and further actions as are necessary or appropriate to carrying out the purposes of this Resolution Number 2432.

PASSED AND ADOPTED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, this _____ day of _____, 2008, by the following vote:

AYES _____ NOES _____ ABSTENTIONS _____ ABSENT _____

Kenny J. Evans, Mayor

ATTEST:

APPROVED AS TO FORM:

Silvia Smith, Town Clerk

Samuel I. Streichman, Town Attorney

EXHIBIT "A"

to Resolution No. 2432

ARIZONA DEPARTMENT OF WATER RESOURCES

SURFACE WATER RIGHTS

MAIL TO: P.O. BOX 458

PHOENIX, ARIZONA 85001-0458

500 North Third Street

Phoenix, Arizona 85004-3921

Telephone (602) 417-2442

Fax (602) 417-2424

(For office use only)

Registry No: _____

Date Filed: _____

APPLICATION TO SEVER AND TRANSFER

(To be completed by transferee)

1. Applicant See Attachment 1 Telephone _____

Address _____ City _____ State _____ Zip _____

2. Check one box only: (see also Attachment 1)

Total Severance and Transfer

Partial Severance and Transfer

INFORMATION REGARDING RIGHT OR CLAIM TO BE SEVERED AND TRANSFERRED

3. Is applicant the current holder of the right? Yes _____ No X

4. Type of water source and name East Clear Creek

a tributary to Little Colorado River within the _____ watershed

(for office use only)

5. Location of point of water diversion: County Coconino (see Attachment 2)

Lot _____, _____ $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, Section 33, Township 14 N/S, Range 11 E/W
(if applicable)

6. Location of place(s) of water use: County Maricopa (see Attachment 2)

Lot _____, _____ $\frac{1}{4}$ _____ $\frac{1}{4}$ _____ $\frac{1}{4}$, Section _____, Township _____ N/S, Range _____ E/W
(if applicable)

Lot _____, _____ $\frac{1}{4}$ _____ $\frac{1}{4}$ _____ $\frac{1}{4}$, Section _____, Township _____ N/S, Range _____ E/W
(if applicable)

7. Location of water storage: County Coconino Authorized storage volume See Attachment 2

Lot _____, _____ $\frac{1}{4}$ _____ $\frac{1}{4}$ _____ $\frac{1}{4}$, Section _____, Township _____ N/S, Range _____ E/W
(if applicable)

8. Water has been used each year from 1 January to 31 December
(Day/Month) (Day/Month)

Water has been stored each year from 1 January to 31 December
(Day/Month) (Day/Month)

9. Describe diversion works See Attachment 2

10. Water is used for the following purposes in the following amounts: (see Attachment 2)

- | | | |
|--|--------------------------------|----------------|
| <input type="checkbox"/> Irrigation | Number of acres _____ | Quantity _____ |
| <input type="checkbox"/> Stockwatering | Number and type of stock _____ | Quantity _____ |
| <input type="checkbox"/> Domestic | Number served _____ | Quantity _____ |
| <input type="checkbox"/> Other | Description _____ | Quantity _____ |

11. Was there any consecutive five year period when water was not beneficially used? Yes _____ No X

If yes, describe when and why _____

INFORMATION REGARDING PROPOSED TRANSFER

12. Type of water source and name Same as Item 4 - East Clear Creek
a tributary to Little Colorado River within the _____ watershed
(for office use only)

13. Location of point of water diversion: County Same as Item 5 (see also Attachment 2)
Lot _____, _____ 1/4 _____ 1/4 _____ 1/4, Section _____, Township _____ N/S, Range _____ E/W
(if applicable)

14. Location of place(s) of water use: County Gila (see Attachment 3)
Lot _____, _____ 1/4 _____ 1/4 _____ 1/4, Section _____, Township _____ N/S, Range _____ E/W
(if applicable)

Lot _____, _____ 1/4 _____ 1/4 _____ 1/4, Section _____, Township _____ N/S, Range _____ E/W
(if applicable)

15. Location of water storage: County See Attachment 3 Authorized storage volume _____
Lot _____, _____ 1/4 _____ 1/4 _____ 1/4, Section _____, Township _____ N/S, Range _____ E/W
(if applicable)

16. Water to be used each year from 1 January to 31 December
(Day/Month) (Day/Month)

Water to be stored each year from 1 January to 31 December
(Day/Month) (Day/Month)

17. Describe diversion works See Attachment 3

18. Water to be used for the following purposes in the following amounts: (see also Attachment 3)

- | | | |
|---|--|--|
| <input type="checkbox"/> Irrigation | Number of acres _____ | Quantity _____ |
| <input type="checkbox"/> Stockwatering | Number and type of stock _____ | Quantity _____ |
| <input checked="" type="checkbox"/> Municipal, including recharge | Number served <u>Approx. 40,000 at build-out</u> | Quantity <u>avg. 3,000 AF/Y</u> |
| <input checked="" type="checkbox"/> Power | Quantity _____ | <input type="checkbox"/> Mining Quantity _____ |

Attachment 1
Application to Sever and Transfer

Numbers correspond with the numbered queries on the application to sever and transfer form.

1. Applicant

This application is submitted by the Town of Payson, Arizona, a Municipal Corporation.

Address all inquiries to:

Mr. Colin "Buzz" Walker
Water Superintendent, Special Projects Director
Town of Payson
303A N. Beeline Highway
Payson, AZ 85541
(928) 474-5242 x 285
(928) 474-7052 fax

2. Partial Severance and Transfer

This application applies to Certificate of Water Right No. 3696.0001 (Application No A-3906, Permit No. A-2634). This application seeks to sever and transfer an average of 3,000 acre-feet of water per year, commencing on the date SRP begins deliveries to the Town of Payson from C. C. Cragin Reservoir, with a maximum annual delivery amount of not to exceed 3,500 acre-feet, from the lands within the Salt River Reservoir District to the Town of Payson water service area. The remainder of the use under this existing Certificate will continue to be used by SRP within the Salt River Reservoir District. No right to store water in C. C. Cragin Reservoir is being transferred by this application.

Attachment 2
Information Regarding Right or Claim to be Severed and Transferred

Numbers correspond with the numbered queries on the application to sever and transfer form.

5. Location of Point of Water Diversion

C. C. Cragin Dam is located within the NE SE Section 33, T14N, R11E, Gila and Salt River Base and Meridian, Coconino County, Arizona. Water is diverted from C. C. Cragin Reservoir through a tunnel beginning within the NW SW Section 33, T14N, R11E and extending to a pump station within the NE NW Section 5, T13N, R11E.

6. Location of Place(s) of Use

Water is used for beneficial purposes on lands within the area known as the Salt River Reservoir District. The Salt River Reservoir District lands are shown on the map included with this attachment. The legal description for the Salt River Reservoir District is as follows:

Commencing at a point on the right bank of the Salt River at the mouth of the Verde River; thence in a southerly direction to the headgates of the Arizona Canal; thence in a general westerly direction along the north line of the right of way of the Arizona Canal to a ditch leading out of said Canal on its north side in the Northwest Quarter of Section 28, Township 2 North, Range 4 East; thence along or near said ditch in a northwesterly direction to the township line between Township 2 North, Range 3 East and Township 2 North, Range 4 East; thence in a southerly direction to the Arizona Canal; thence along the north line of the right of way of the Arizona Canal to Skunk Creek; thence along the east bank of Skunk Creek to its intersection with New River; thence in a southerly direction along the left bank of New River to its intersection with the Agua Fria River; thence in a general southerly direction along the left bank of the Agua Fria River to a point in Section 14, Township 1 North, Range 1 West, where the line of the St. John's Canal intersects the Agua Fria River; thence in a southeasterly direction along the north line of the right of way of the St. John's Canal to the north bank of the Salt River; thence across the Salt River to a point in Section 35, Township 1 North, Range 1 East, where the east line of the Gila River Indian Reservation intersects the south bank of the Salt River; thence in a southerly direction along the east line of the Gila River Indian Reservation to the township line between Townships 1 and 2 South; thence following the boundary of said Gila River Indian Reservation, east along said township line to the range line between Ranges 4 and 5 East; thence south between Ranges 4 and 5 East; thence east between Townships 2 and 3 South, to the east line of the right of way of the east branch of the Consolidated Canal; thence north, following the east line of the right of way of the east branch of the Consolidated Canal to the south line of Section 2, Township 2 South, Range 5 East; thence east to the section corner common to Sections 5, 6, 7 and 8, Township 2 South, Range 6 East; thence north between Sections 5 and 6, Township 2 South, Range 6 East, to the east bank of the Highland Canal; thence in a general northerly direction along the east bank of the Highland Canal; now known as Lateral 12.5 of the Eastern Canal, to a point in the Northeast Quarter of the Northwest Quarter of the Southeast Quarter of Section 29, Township 1 South, Range 6 East, where it intersects the Eastern Canal; thence in a general northerly direction along the east bank of the Eastern Canal to the left bank of the Salt River; thence in a general northerly direction along the left bank of the Salt River to a point opposite the mouth of the Verde River, to the place of beginning.

Attachment 2 (continued)
Information Regarding Right or Claim to be Severed and Transferred

Numbers correspond with the numbered queries on the application to sever and transfer form.

7. Location of Water Storage

The waters of East Clear Creek are stored in C. C. Cragin Reservoir, which has an authorized storage volume of 15,000 acre-feet. The dam is located in the NE SE Section 33 T14N, R11E with the reservoir occupying portions of Sections 31-34, T14N, R11E; Section 36, T14N, R10E; and Sections 4-6, and 8, T13N, R11E. After diversion from C. C. Cragin Reservoir into the Verde River watershed, water is stored in reservoirs along the Verde River created by Horseshoe and Bartlett Dams. Horseshoe Dam is located in the N1/2 Section 2, T7N, R6E with the storage reservoir occupying portions of Sections 3, 10, 15, 16, 21, 22, 26-28, and 33-35, T8N, R6E and Sections 1-4, T7N, R6E, Yavapai and Maricopa Counties. Bartlett Dam is located in the SE Section 33, T6N, R7E with the storage reservoir occupying portions of Sections 19, 29, 30, 32, and 33, T7N, R7E, Sections 3-5, 9-11, 13-15, 21-23, 26-28, 33, and 34, T6N, R7E, and Sections 3 and 4, T5N, R7E, Maricopa County. The combined SRP storage volume in these reservoirs is 219,701 acre-feet as of 2001.

9. Describe Diversion Works

C. C. Cragin Dam is a 147-foot tall, 492-foot long, thin-arch reinforced-concrete dam equipped with a 24-inch gate to drain the reservoir to East Clear Creek, if necessary.

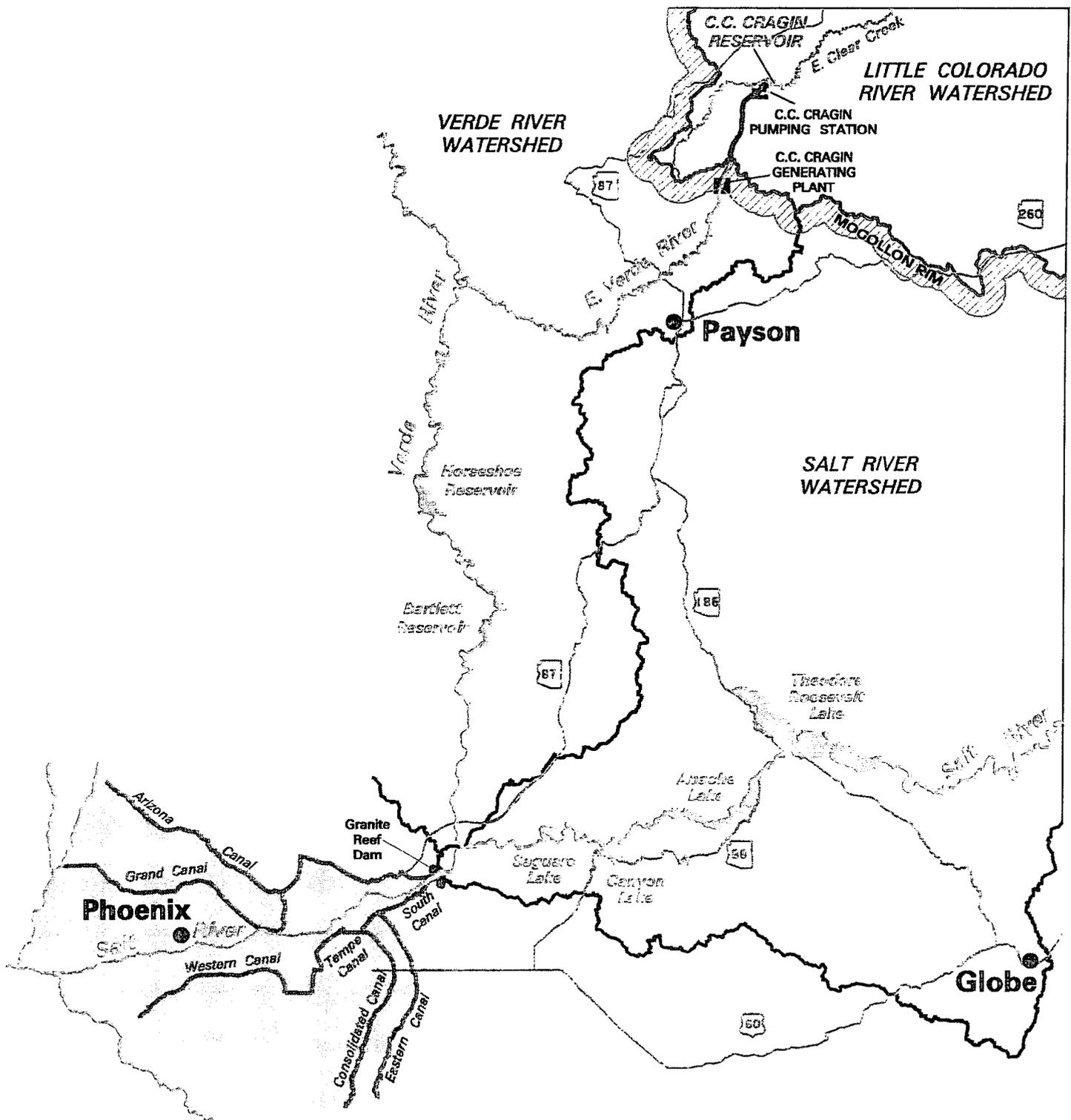
The water diversion and transmission system begins from an 8-foot x 8-foot intake structure at elevation 6,624 feet in the reservoir, which diverts water into a 4,427 foot long, 6-foot diameter tunnel bored into bedrock and leads to a vertical pump shaft below a booster station. A pumping plant is used to lift the water from the tunnel to a 2 million gallon priming reservoir at elevation 7,265 feet via 5.3 miles of 33-inch diameter steel-reinforced concrete cylinder pipe. Four hydro-pneumatic surge vessels provide surge protection. The water drains from the priming reservoir via gravity, south over the Mogollon Rim, to the East Verde River at elevation 5,788 feet via 4.7 miles of 24-, 30-, and 33-inch steel reinforced concrete cylinder pipe. Water is initially diverted by C. C. Cragin Dam, the pumping plant and piped transmission system. Once the water enters the Verde River system, water is transmitted in the East Verde River to the Verde River and then to the Salt River where it is then diverted by gravity flow into the Arizona Canal and South Canal by means of the Granite Reef Diversion Dam located in the SW NE and the NW SE Section 13, T2N, R6E as shown in the map included with this attachment.

Attachment 2 (continued)
Information Regarding Right or Claim to be Severed and Transferred

10. Water is Used for the Following Purposes in the Following Amounts

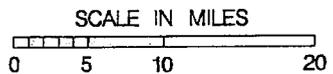
Water is used for beneficial purposes on approximately 250,000 acres within the Salt River Reservoir District in an average annual amount not exceeding 11,000 acre-feet diverted from C. C. Cragin Reservoir. Additional, general information related to the current uses is shown in the table below.

| Beneficial Use | General Description of Use |
|--------------------------------|--|
| Irrigation | Agricultural and urban irrigation |
| Stockwatering | Various domesticated animals |
| Municipal | Municipal demands from approximately 2 million persons |
| Power | Non-consumptive hydropower uses located at the terminal point of the diversion system into the East Verde River and along SRP canals |
| Mining | Sand and gravel operations |
| Recreation, fish, and wildlife | Water storage pools at Horseshoe and Bartlett Dams; along SRP canals |



***C.C. Cragin Facilities
and Salt River Reservoir District***

-  Watershed Boundary
-  Pipeline
-  Salt River Reservoir District



Attachment 3
Information Regarding Proposed Transfer

Numbers correspond with the numbered queries on the application to sever and transfer form.

13. Location of Point of Water Diversion

Water will be initially diverted by C. C. Cragin Dam, the pumping plant and piped transmission system, ending at a point along the East Verde River in the NW NE Section 23, T12N, R10E (see also the answer to #9, Attachment 2). From this point water will be diverted into a transmission pipeline running generally in a north to south direction to the Town of Payson.

14. Location of Places of Use

The place of use encompasses the Town Water Service Area, the exterior boundary of which is defined by contract as any land located within the Town's corporate boundary, and shall include all land within the Tonto Apache Reservation boundary, and any land owned in fee by the Tonto Apache Tribe or held in trust by the United States for the Tribe and its members. The Town Water Service Area may be amended from time to time. Currently, the place of use includes all or a portion of the following sections of land (see also the map included with this attachment – Town of Payson Water Service Area):

- Sections 1 through 12, all in T10N, R10E
- Sections 25 through 28 and Sections 31 through 36, all in T11N, R10E

15. Location of Water Storage

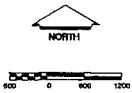
Water treated for municipal use will be stored in a series of metal tanks located within the Town of Payson water service area with a current capacity of 8,730,000 million gallons. Water also may be stored underground through recharge within the Town of Payson water service area. Total water storage capacity may increase over time.

18. Water to be Used for the Following Purposes in the Following Amounts

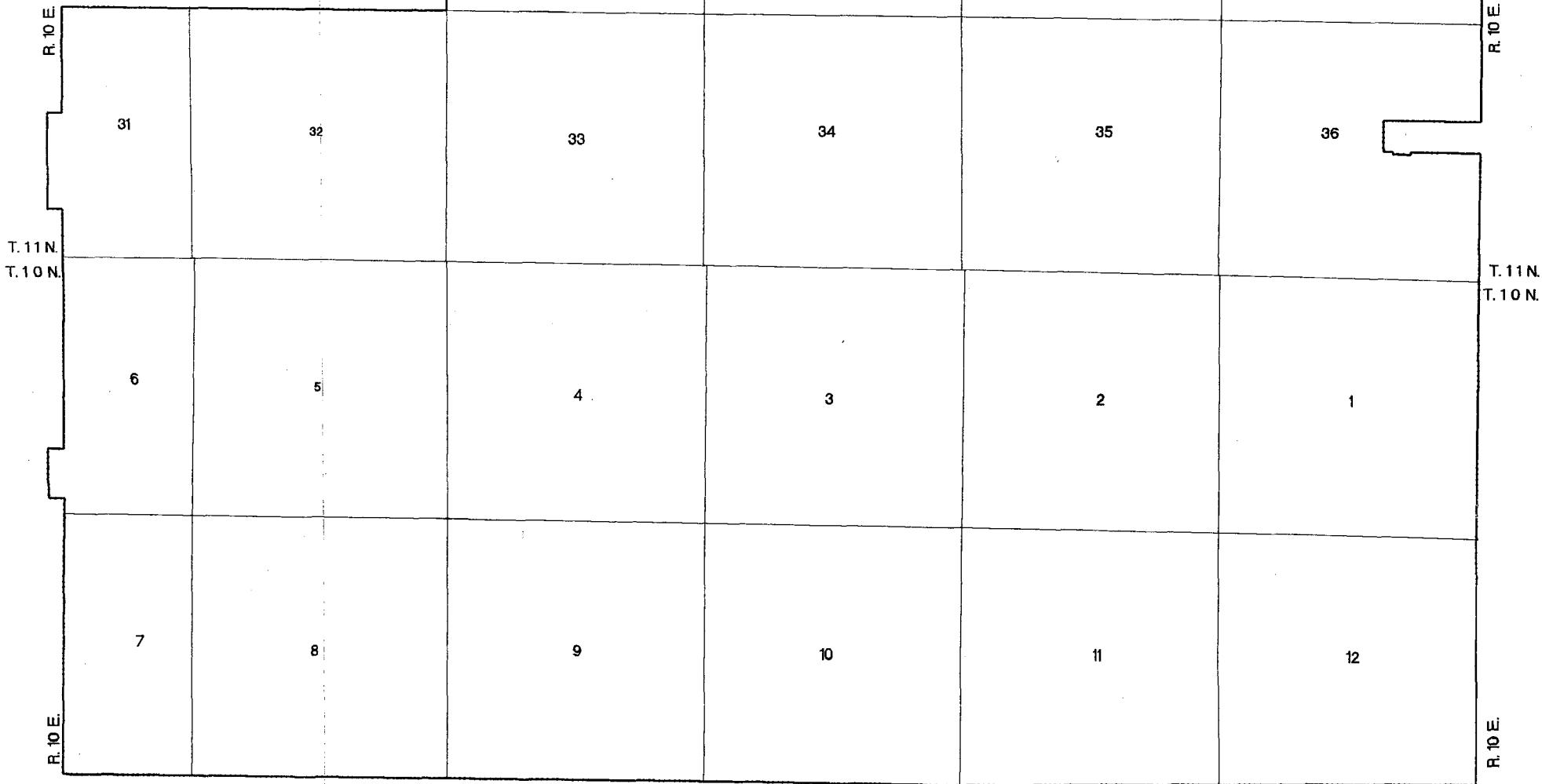
The quantity being transferred for use by the Town of Payson for municipal purposes, including recharge, is an average of 3,000 acre-feet per year, commencing on the date SRP begins deliveries to the Town, with a maximum annual delivery amount not to exceed 3,500 acre-feet. Water conveyed along the Town of Payson transmission pipeline for municipal purposes will also be used for non-consumptive, hydrogeneration purposes.

TOWN OF PAYSON

WATER SERVICE AREA

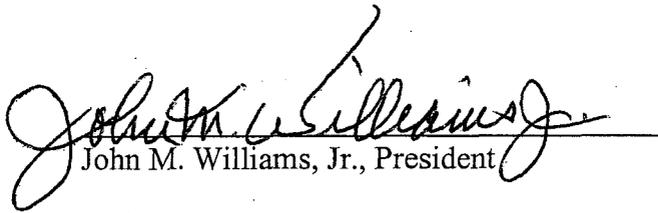


— WATER SERVICE AREA BOUNDARY



Consent to Severance and Transfer

The Salt River Project Agricultural Improvement and Power District hereby consents to the partial severance and transfer of Certificate of Water Right No. 3696.0001 (Application No. A-3906, Permit No. A-2634) to the Town of Payson. Such consent is limited to an average of 3,000 acre-feet per year commencing on the date SRP begins deliveries to the Town, with a maximum annual delivery amount not to exceed 3,500 acre-feet, as determined in accordance with provisions of the Water Rights Transfer and Water Delivery and Use Agreement among the Salt River Valley Water Users' Association, the Salt River Project Agricultural Improvement and Power District, and the Town of Payson, dated May 19, 2008.


John M. Williams, Jr., President

8/27/08
Date

**REQUEST FOR
ASSIGNMENT OF SURFACE WATER APPLICATIONS AND CLAIMS AND ASSIGNMENT
AND REISSUANCE OF PERMITS AND CERTIFICATED RIGHTS**

1. Registry number of right or claim being assigned Application No. A-3906, Permit No. A-2634,
Certificate of Water Right No. 3696.0001 (copy
attached)
(Use attachment for 2 or more filings)

2. Request for: (check one box only)
 Total (complete) Assignment Partial Assignment

3. If the request is for a partial assignment, the following information must be provided for
use(s), quantity(ies), and location(s) of the portion being assigned:

Use Municipal, including recharge, and Power Quantity Average 3,000 AF/year (see Attach. 1)

Lot _____, 1/4 _____ 1/4 _____ 1/4 _____ Section _____, Township _____ N/S, Range _____ E/W
(if applicable)

Use See Attachment 1 Quantity _____

Lot _____, 1/4 _____ 1/4 _____ 1/4 _____ Section _____, Township _____ N/S, Range _____ E/W
(if applicable)

Use _____ Quantity _____

Lot _____, 1/4 _____ 1/4 _____ 1/4 _____ Section _____, Township _____ N/S, Range _____ E/W
(if applicable)

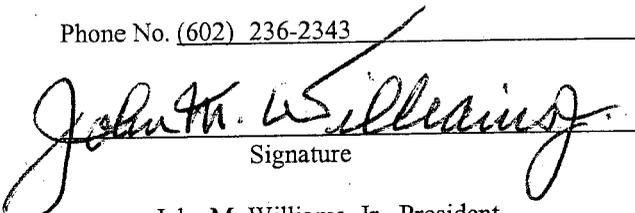
4. SELLER(S)/ASSIGNORS

Name Salt River Project Agricultural Improvement
and Power District

Address P.O. Box 52025, Phoenix, Arizona

85072-2025, Attn: David C. Roberts PAB 110

Phone No. (602) 236-2343


Signature

John M. Williams, Jr., President
(Please print or type name of assignor or representative)

8/27/08
Date Signed

BUYER(S)/ASSIGNEES

Name Town of Payson, Arizona, a Municipal
Corporation

Address 303A N. Beeline Highway

Payson, Arizona 85541, Attn. Colin "Buzz" Walker

Phone No. (928) 474-5242, bwalker@ci.payson.az.us

Signature

Kenny Evans, Mayor
(Please print or type name of assignee or representative)

Date Signed

Current mailing addresses and telephone numbers must be included.

ASSIGNMENTS WILL NOT BE PROCESSED WITHOUT FEE(S), PROOF OF OWNERSHIP (MAY
INCLUDE CHAIN OF TITLE OF OWNERSHIP), ASSESSOR'S MAP OR ALLOTMENT MAP.

Attachment 1

In response to question #3:

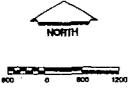
The place of use encompasses the Town Water Service Area, the exterior boundary of which is defined by contract as any land located within the Town's corporate boundary, and shall include all land within the Tonto Apache Reservation boundary, and any land owned in fee by the Tonto Apache Tribe or held in trust by the United States for the Tribe and its members. The Town Water Service Area may be amended from time to time. Currently, the place of use includes all or a portion of the following sections of land (see also the map included with this attachment – Town of Payson Water Service Area):

- Sections 1 through 12, all in T10N, R10E
- Sections 25 through 28 and Sections 31 through 36, all in T11N, R10E

The quantity being assigned to the Town of Payson for municipal purposes, including recharge, is an average of 3,000 acre-feet per year, commencing on the date SRP begins deliveries to the Town, with a maximum annual delivery amount not to exceed 3,500 acre-feet. Water conveyed along the Town of Payson transmission pipeline for municipal purposes will also be used for non-consumptive, hydrogeneration purposes.

TOWN OF PAYSON

WATER SERVICE AREA



WATER SERVICE AREA BOUNDARY

