

# COUNCIL DECISION REQUEST

SUBJECT: 2009 Economic Stimulus Grant Proposal

MEETING DATE: February 19, 2009

PAYSON GOAL: NEW:      EXISTING:

ITEM NO.:

TENTATIVE SCHEDULE:

SUBMITTED BY: Debra A Galbraith

AMOUNT BUDGETED: \$0.00

SUBMITTAL TO AGENDA  
APPROVED BY TOWN MANAGER

EXPENDITURE REQUIRED: \$ 0.00

CONT. FUNDING REQUIRED: \$0.00



EXHIBITS (If Applicable, To Be Attached):

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## POSSIBLE MOTION

I move to submit the Town of Payson Sustainable Public Works and Reclamation grant proposal for the 2009 Economic Stimulus Package to the Office of Governor

## SUMMARY OF THE BASIS FOR POSSIBLE MOTION:

The Governor's Office is accepting grant proposals for the use of the funds to be allocated in the 2009 Economic Stimulus package. The C.C. Cragin project fits into the criteria for these funds. The project is one of the largest and most significant Arizona Water Reclamation projects in more than a decade. Benefits of this project will accrue to virtually all of the citizens of Arizona that have come to appreciate and enjoy our wonderful National Forests and Wilderness areas.

PROS: \_\_\_\_\_

CONS:

PUBLIC INPUT (if any):

BOARD/COMMITTEE/COMMISSION ACTIONS/RECOMMENDATIONS (if any) (give dates and attach minutes):

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## FUNDING:

Acct:	Budget:	Available:	Expense:	Remaining:
Acct:	Budget:	Available:	Expense:	Rcmaining:
Acct:	Budget:	Available:	Expense:	Remaining:

BA: \_\_\_\_\_ Date: \_\_\_\_\_

FEB 19 2009

I.1



Town of Payson  
303 N. Beeline Hwy  
Payson, AZ 85541

928/474-5242 Ext. 222  
928/474-4610 Fax  
928/978-2521

*From the Desk of Mayor Kenny Evans*

February 16, 2009

James Apperson  
Office of the Governor  
State of Arizona

Jim:

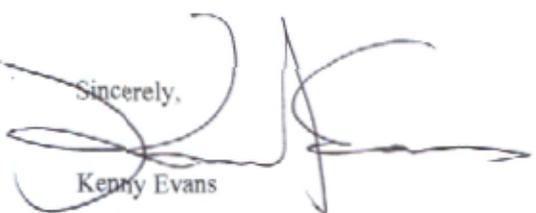
Pursuant to our conversation last week, attached is a copy of the Town of Payson's Grant Proposal for the 2009 Economic Stimulus Package Funding.

The project identified is one of the largest and most significant Arizona Water Reclamation projects in more than a decade. Substantial funding is coming from the local communities, yet the benefits will accrue to virtually all of the citizens of Arizona that have come to appreciate and enjoy our wonderful National Forests and Wilderness areas. Some work has already commenced but as the photo's indicate, much more is needed.

The multiplier effect of this project will produce benefits on the order of 10 – 15 times the requested funding amount. Additionally, the environmental impacts will produce benefits for generations to come.

Your consideration of this project is deeply appreciated.

Sincerely,

  
Kenny Evans

**2009 Economic Stimulus Package**  
**Town of Payson Sustainable Public Works and Reclamation Project**

**Project Scope:**

The multi-year regional, rural development project will cost \$35-38 million dollars and will benefit not only the 30,000 residents of Northern Gila County, but the hundreds of thousands who visit the high country National Forests and Wilderness Areas of Arizona every year. The vast majority of the total project costs will be paid by the Town of Payson Water Enterprise Fund.

**Stimulus Needed:**

Because of the economic downturn, \$10,584,480 is being requested to continue the critical, initial stages of construction and upgrades needed to ensure that the \$40 million project will be able to proceed in a timely fashion to meet Arizona's and Northern Gila County's needs. The balance of funding to complete the entire project is being secured by the Town of Payson Water Enterprise Fund.

**Stimulus Impact:**

The potential area to be served includes a number of rural communities and developments, as well as the Tonto Apache Tribe and the Town of Payson. The funding will create 10-12 on site construction jobs and 20-25 engineering, environmental assessment, and manufacturing jobs over the next 18 months. Using the Commerce Departments rural impact studies, with a multiplier effect of 4.12 x, the stimulus package funding request will generate nearly 100 jobs in phase one. Additionally, by expediting phase one, preparations for phase two can be accelerated, which will create many more jobs through out the community as the impact of an assured, permanently sustainable water supply stimulates healthy growth and business activity.

**Environmental Benefits:**

The project will produce a number of highly desirable and important environmental side benefits. Increasing the perennial water flow in the East Verde River will benefit one of Arizona's natural wonders. Fishing, hiking, tourism and wildlife will all benefit from the project. Additionally, reducing the private homeowner groundwater pumping along forested streams in the upper Tonto National Forest will help restore our natural flowing springs and creeks. Additionally, the generation stations will produce approximately \$250,000 worth of electricity compared to the \$600,000+ that would be consumed pumping water from groundwater wells ranging in depth from a hundred to as much as 700 feet deep.

**Regional Value:**

The price of western water purchases over the past 4 years have ranged from \$28 to \$32,000 per acre foot. The computed current value of this renewable future surface water supply for Northern Gila County would be \$112,000,000.

**Fiscal Detail**

Local construction, equipment & repair payroll wages, taxes and benefits --	\$ 1,340,400
Engineering, manufacturing, transportation, p/r wages, taxes and benefits --	\$ 3,680,000
Materials and supplies (phase 1, road materials & phase 2 supplies)	\$ 3,800,000
Administrative and contingency @ 20%	<u>\$ 1,764,080</u>
<b>Total Stimulus Request</b>	<b>\$10,584,480</b>

Examples of Critical Repairs Needed on 45 Year Old Pipeline



## Executive Summary

### **The Community**

Payson is a community of approximately 17,000 located 70 miles north of Phoenix. At an elevation of 5,000 feet, it serves as the hub of economic activity for the 35,000 residents of Northern Gila County and as a gateway to three of America's largest National Forests.

### **The History**

Although its roots were in the *ranching, mining and the lumber* industries, the climate and proximity to the Phoenix metro area have made it a destination gateway, festival capital and ideal retirement community. Although substantial groundwater has met the growing demands of the community, foresighted community leaders have promoted conservation and water augmentation to insure sustainability both in the community and within the region.

### **Past Successes**

The successful development of the Town of Payson has been largely a function of the foresight of dedicated community leaders who understood the need for and benefits of an aggressive water conservation and augmentation program. Reducing water consumption to less than 90 gallons per person per day, development of the Green Valley Park, Lakes and recharge project, development of more than 40 articulated wells and a sophisticated computer controlled storage and distribution system are but a few of the Town's milestone successes.

### **The Project**

Even with the water conservation successes of the past decade, it became apparent that a renewable, sustainable, adequate supply of water would best be accomplished with a secure surface water supply. After years of lobbying, in 2004 an Act of Congress created an opportunity for Payson to secure that needed surface water supply from the C.C. Cragin reservoir 25 miles north of Town. With the passage of that Congressional authorization, contracts have now been signed and work on the project is beginning. Because the reservoir is located on the Mogollon Rim, nearly 2,500 vertical feet above Payson, the *opportunity to generate significant* electricity as the water comes down the pipeline to the treatment plant exists. Additionally, the opportunity to get other Forest communities to reduce their withdrawals of water from aquifers that supply water to our natural springs and streams and rivers is significant.

### **The Challenge**

The Dam, Reservoir, pumping stations and nearly ½ of the needed pipeline conveyance system had been constructed in the early 1960's to satisfy a water exchange agreement. For Payson to benefit, those facilities will need to be repaired and upgraded using today's best technology and then an additional 14.5 miles of pipeline and a treatment plant constructed. Assessments have been done and a course of action has been determined and initial improvements began last fall on those improvements. With the financial downturn in the state and community, work will likely be delayed without stimulus package money. The benefits of continuing the work will not only create jobs and benefit the Town of Payson, but the hundreds of thousands of Arizonans and other visitors each year who visit our National Forests and enjoy fishing our pristine mountain streams.

### **Projected Outcomes**

Use of economic stimulus money to complete phase one of this project will produce several significant benefits. First, 10-12 on site jobs will be created and funded in our economically hard hit area that will last for approximately 18 months. Additionally, the \$6-8,000,000 dollars worth of hardware and supplies purchased should create an additional 15-25

manufacturing jobs for everything from large diameter steel pipe, to computer and remote sensing devices, to hydro-generating equipment and switches. The rapid completion of this phase will also quicken other projects within the community creating additional jobs. Cross training of employees will allow their continued employment on critical road maintenance and other public works projects during intermittent work interruptions due to weather or unforeseen obstacles. This will also enhance and accelerate the Town's ability to move forward with work on phase two of the C.C. Cragin water project.

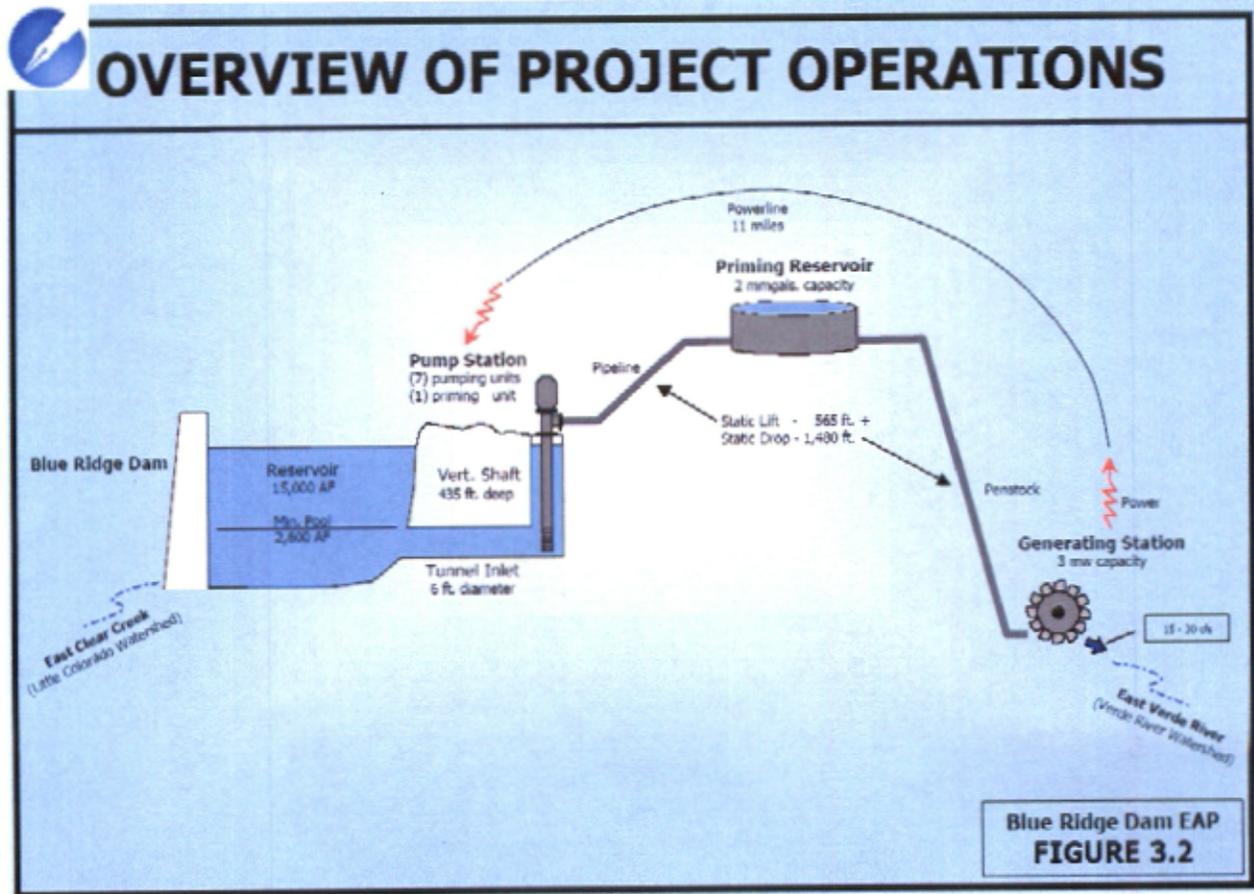
#### **Future benefits**

Although immediate benefits are significant, long term benefits are even more important. Reducing the negative impact of over draft pumping by individuals and communities located next to or near our high mountain streams will produce significant long term benefits to our pristine riparian areas and mountain streams. A long term sustainable water supply for the Town of Payson will promote rural economic opportunities and job creation. Helping others, such as the Tonto Apache Tribe, will insure their long term economic vitality. Producing a healthy economic environment in the Rim Country will enhance the recreational experience for the hundreds of thousands who love to visit Arizona's high country mountains and streams. Sustainability will no longer be a catch phrase but an operating principle.

#### **Contact Information:**

Mayor Kenny Evans	--	928-978-2521 or 970-0672
Town Manager Debra Galbraith	--	928-951-1827
Water Department Buzz Walker	--	928-978-6100

C.C. Cragin Reservoir and Dam and Pumping Station



### Project Need and Benefit Recap

The Town of Payson is a quiet rural town with a population of 17,000 situated in the geographic center of Arizona (see attached demographic sheet). Located approximately one hour north of the Phoenix metro area, it is a community nestled in a high mountain valley in the southern Rockies, surrounded by snow packed mountains in the winter and cool breezes in the summer. Positioned at the gateway to the largest Ponderosa forest in North America, the community is an island in the midst of one of America's great forest playgrounds including three large National Forests – The Tonto, The Coconino and the Apache SitGreaves and more than a half dozen Wilderness or Monument Areas. Five million people live within driving distance and a significant number have found Payson to be the preferred gateway to the mountains and forests of Arizona.

Like most municipalities in the west, water is one of our most limiting critical resources. Over the past few decades, Payson has developed and implemented a nationally renowned water conservation program that has produced per capita water consumption rates approximately 1/3 of those used by our sister cities to the south. Additionally, for the past two decades, the Town has worked to augment our groundwater and our recharge water supplies with a permanent renewable surface water source. Within the past year, agreements have been signed to bring 3,000 acre feet of water from the C.C. Cragin Reservoir 25 miles north of Town to supplement our local supplies. Additionally, we are working to make up to 500 additional acre feet of water available to help others, including the Tonto Apache Tribe and surrounding communities.

With Federal legislation complete and contracts signed, the project is ready to move forward in two phases. The current system, including the dam, reservoir, pumps, generating stations and approximately 11 miles of pipeline are in place but are 45 years old and need substantial renovation and upgrades to improve efficiency, minimize water loss, improve reliability and create more hydro-electric power as the water travels down 2,500 vertical feet off of the Mogollon Rim to the Town's treatment plant. Completing this phase expeditiously, will allow us to move seamlessly into phase two – the construction of the final 13 miles of pipeline and a water treatment plant to serve Payson and surrounding communities. Several significant local and regional projects are currently dependent on our ability to move this water augmentation project forward quickly. As a gateway to the National Forests, these projects not only benefit the 30,000 residents of Northern Gila County but literally the hundreds of thousands of Arizonans who enjoy weekend getaways to Arizona's high country.

Although we are a fiscally conservative and conservation minded community, we are experiencing a significant, negative impact caused by the current statewide economic slowdown. Although some work has begun on phase one, the acceleration of completion that would occur with stimulus funding would produce a marked multiplier effect. As the prospect of an assured, permanent, sustainable supply of water for the region becomes a reality, work on other projects will be pushed forward, creating more jobs and economic activity and job sustainability. Several businesses, industrial developments, a convention center and a regional College Campus will likely accelerate their construction plans with the eminent completion of our water project. It will also bring the Tonto Apache Tribe closer to economic sustainability and will minimize negative impacts on our forests and streams from groundwater pumping by individuals and small communities located throughout our region that currently have no other available water supply. Improved stream flows, enhanced riparian areas, healthier forests and sustainable jobs and economic activity will be produced with aid from the economic stimulus package.