

The Daily Courier

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Column: Who will pay for Verde flow mitigation?

By HOWARD MECHANIC Special to the Courier

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In our past two Citizens Water Advocacy Group (CWAG) columns, we discussed why there should be a mitigation plan before construction of the proposed Big Chino pipeline. In this one we will discuss the economics of mitigation.

The cost of the pipeline project is currently estimated at \$133 million. This estimate, however, doesn't include the costs to mitigate the reduction in Verde River flows that will result.

To date, a mitigation plan has not been developed; thus, it is not possible to determine its cost. However, considering that experts say additional pumping in the Big Chino Basin will cause a reduction of Verde flows in an amount almost equal to the pumping, mitigation will be expensive. A mitigation plan might very well double the cost of the project.

It is important to estimate the full cost of the proposed Big Chino project so we can compare it with alternatives. Currently, the U.S. Bureau of Reclamation, in conjunction with regional jurisdictions, is studying how the region's estimated future water demand could be met. In examining the Verde Valley, Big Chino Valley, and the Prescott Active Management Area, the study has determined that in the next 50 years there may be a water demand of 50,000 acre-feet per year in excess of currently available supplies.

Because the Big Chino could supply only a fraction of that additional water demand, it is clear that other projects would be needed. Before proceeding with a Big Chino project that includes the cost of mitigation, we should evaluate whether another larger more encompassing project would be preferable.

A related question concerns the division of costs between current residents and new subdivisions. Prescott's costs are now divided so that growth pays 80 percent and current ratepayers pay 20 percent. The rationale for charging current ratepayers is that a portion of the project could help eliminate the current overdraft.

The present policy of the city is to have new subdivisions pay for their own infrastructure by requiring that new homes pay the prevailing impact fees at the time of construction. However, by law, the amount of impact fees that can be assessed cannot exceed the calculated expenses to provide services. Consequently, unexpected or uncalculated expenses incurred after construction cannot be assessed once the impact fee has been paid.

Therefore, if mitigation expenses are estimated or incurred years after water is imported and homes constructed, the new growth would not have paid the full cost of their water service. In such

a case, the public will have subsidized the costs associated with growth.

In addition, because the state has frozen impact fees through June 2012, and may eliminate them entirely, Prescott cannot be assured that future impact fees will cover the full costs of the infrastructure to serve new homes.

Alternatives to the use of impact fees are listed in the city's General Plan and include improvement areas, reimbursement areas, community facilities districts, and development agreements. These alternatives should be considered and may be preferable.

A new and potentially more desirable concept would be to have owners of large annexation areas provide guarantees for infrastructure costs. A guarantee system would be easy to apply because most of the prospective annexation lands are owned by only two large landowners: Deep Well Ranch and Cavan Properties.

It would not be unreasonable to ask these landowners for a guarantee because annexation into the city would greatly increase the value of their property. For instance, when in the county, properties are allowed a density of one home per two acres. After annexation, the landowners would likely be able to increase density to three homes per two acres, which would greatly increase the value of their land.

The drawback to relying on impact fees goes beyond annexations and also applies to other future water and wastewater projects. CWAG therefore has suggested the [City of Prescott](#) establish a new and detailed procedure to guarantee that residential growth in annexation areas pay the full cost of water and wastewater infrastructure. A new procedure should be completed no later than the development of the new long-term water management policy or initiation of a sizable annexation.

Please submit your comments, questions, and suggestions for future columns to info@cwagaz.org.

Steve Pawlowski, Water Sentinels program coordinator for the Grand Canyon Chapter of the Sierra Club, will present "Is the Verde River Protected by the Clean Water Act?" when he speaks to CWAG from 10 a.m. to noon Saturday, Sept. 11, at the Granite Peak Unitarian Universalist Congregation, 882 Sunset in Prescott.

Howard Mechanic is chair of CWAG's Public Policy Committee.

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