



TOWN OF
QUEEN CREEK
 ARIZONA

TO: HONORABLE MAYOR AND TOWN COUNCIL

THROUGH: BRUCE GARDNER, TOWN MANAGER

FROM: PAUL GARDNER, UTILITIES DIRECTOR

RE: CONSIDERATION AND POSSIBLE APPROVAL OF: (1) ORDINANCE 809-23 AMENDING CHAPTER 16 OF THE QUEEN CREEK TOWN CODE BY AMENDING SECTIONS 16-2-9 AND 16-5-3, AND ADDING ARTICLE 16-11 SUSTAINABLE WATER ALLOCATION REGULATIONS; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES; AND PROVIDING SEVERABILITY; AND (2) APPROVING THE QUEEN CREEK WATER RESOURCE MANAGEMENT STRATEGY REPORT.

DATE: April 5, 2023

Suggested Action:

To approve: (1) Ordinance 809-23 Amending Chapter 16 of the Queen Creek Town Code by Amending Sections 16-2-9 and 16-5-3, and Adding Article 16-11 Sustainable Water Allocation Regulations; Providing for Repeal of Conflicting Ordinances; and Providing Severability; and (2) Approve the Queen Creek Water Resource Management Strategy Report.

Relevant Council Goal(s):

Secure Future: KRA Environment

Discussion:

Previous Council Direction: As part of a comprehensive approach to Water Resource Management, Council was briefed on the Water Allocation Policy framework at its February 2023 retreat and provided guidance for Staff to prepare documents for Council consideration. In the future, Staff will be reviewing additional water resource management policy discussions with Council.

Queen Creek's buildout water supplies are identified in the 2022 Comprehensive Utility Master Plan and will be sufficient to meet estimated build out demands based upon existing and future land uses. Understanding that future water demands may not replicate past water demands, Queen Creek is updating Town Code, Chapter 16 Utilities, to establish a "Sustainable Water Allocation" for every new non-residential water customer to ensure that the Town has sufficient water resources to provide to every future water customer through buildout, without infringing on existing customers' needs. Policies of this type have been successfully implemented in Chandler and Gilbert and are also under consideration in other municipalities in Arizona.

These new Town Code sections build upon existing Code provisions that require water conservation measures for water customers. Additionally, Queen Creek has implemented many water conservation programs that support its residential water customers. It is anticipated that these new code additions will only impact a few potential large non-residential water users whose water demands could disrupt the delicate balance of water supply and demand for all of Queen Creek. The goal of the policy is to provide the Town with the necessary tools to manage future large volume industrial/commercial water uses. The proposed Code changes will ensure there is sufficient water supplies for industrial/commercial water users before they connect to Queen Creek's water system.

Documents for Council Consideration:

- Water Resources Management Strategy Report (“Report”): The Report, which is an element of the new Town Code Article 16-1, Sustainable Water Allocation Regulations, identifies the base allocation of water for non-residential uses. The Report quantifies the Tier I, or base allocation, Tier 1 expanded allocation, and Tier II allocations. The base allocation, Tier I water use, is set at 60 Acre Feet of annual demand. This allocation is slightly larger than the base allocation used by other municipalities, which Staff feels is appropriate based upon Queen Creek current stage of non-residential development. Staff anticipates that the proposed allocation should be more than adequate to meet the water demands of almost all of the future development within the Queen Creek Water System. The Report also identifies an expanded Tier 1 Allocation which can be allocated to development projects specifically aligning with the Town’s economic development Goals. The Report also outlines the Council priorities that Staff will use to guide any recommendations on the Town’s participation in the acquisition of water for future development projects. The Report will be reviewed and updated periodically as conditions change, or if future updates to the Water Resources Master Plan dictate the need to change allocations based updates to available information. Tier II allocation is set at water use volumes above the Tier I allocations.
- Sustainable Water Allocation Ordinance: This amends Chapter 16, Utilities, of the Town Code by adding Article 16-11, to limit water usage to the Tier I allocation amounts; provide a process for Tier I expanded allocation (if appropriate) under a Sustainable Water Allocation Agreement; and require user acquisition of water resources when use exceeds the Tier I limits (Tier II), as established in the this Report; and define which users the policy applies to. Article 16-11 also provides for enforcement based upon the cost of the excess water if a user that exceeds their allocation amounts and potential termination of water service for multiple exceedances. It also sets forth the requirements and conditions of a Sustainable Water Services Agreement that will be required for any future development that’s annual water use is expected to exceed the established Tier I water allocation.

Fiscal Impact:

The water allocation policy in and of itself does not have any direct financial implications to the Town. The policy, however, protects regular Town water customers (such as residents) from effectively subsidizing the cost of providing water to commercial excessive water users, particularly at location inside the Town’s water service areas but outside the Town’s boundaries and zoning control.

The policy’s main impact is to maintain the status quo as it exists today for water resource balance within the system, limits the future potential for the subsidy of large water user water resource demands on other system customers, and establishes a framework on how a specific project’s water needs, outside of Tier I allocations, can be met.

The Water Resources Management Report identifies the various approaches to the acquisition of water can occur and include:

- Projects can independently acquire the necessary water in sufficient quantity and term as required by the Town and transfer the same to the Town as is necessary. All costs of acquisition and delivery of the water will be the up-front responsibility of the project.
- Projects can utilize the Town to acquire the necessary water in sufficient quantity and term as is necessary. The project and the Town would enter into a repayment agreement which shall include all of the acquisition and related delivery costs and any reasonable administrative fees as determined by the Town. The specific repayment can include and of or combination of the following: up-front payment by the project, annual fixed payments over a specific term, and/or a commodity use allocation based upon a per gallon use of water.

Queen Creek may also elect to participate in water acquisition as required by a specific project, on a case by case basis using the Economic Development Strategic Plan Targeted Sectors as the guide.

Projects that focus on redevelopment, include significant economic & employment opportunities, or are high value projects are all eligible for the allocation of additional water resources through a Tier I Expanded Allocation and/or the Town’s participation in the acquisition in some or all of the Tier II

Water Allocation needs for the project. The unique direct and indirect impact of each project will be considered as part of any water allocation outside of the base Tier 1 allocation and may include the commissioning of an independent analysis based upon the size and complexity of the project.

Alternatives:

Council may choose not to approve the Town Code amendments and Water Resources Management Report, however, the Town and its customers could be subject to specific water resource cost of large water users. Any project specific water resource costs would become the responsibility of the Town and the entire water system and represent a subsidy from one group of customers to another.

If directed, Staff would work with Council to identify any provisions of the Ordinance and/or Water Resources Management Report that could be amended, removed, or added and bring the item back to Council for future consideration.

Attachment(s):

1. [Ordinance 809-23](#)
2. [Queen Creek Water Resource Management Strategy Report](#)