

United States Department of the Interior
Bureau of Reclamation
Lower Colorado Region
Phoenix Area Office

FINDING OF NO SIGNIFICANT IMPACT

PROPOSED TRANSFER OF 200 ACRE-FEET OF CENTRAL ARIZONA PROJECT WATER
FROM BERNEIL WATER COMPANY TO THE CAVE CREEK WATER COMPANY,
MARICOPA COUNTY, ARIZONA

ENVIRONMENTAL ASSESSMENT



Approved: _____ Date: April 25, 2006

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FONSI No. PXAO-06-01

The Bureau of Reclamation (Reclamation) has prepared an Environmental Assessment (EA), to disclose potential environmental impacts resulting from the proposed transfer of 200 acre-feet annually (AFA) of Central Arizona Project (CAP) water for municipal and industrial uses. Under the proposed action, Reclamation would transfer Berneil Water Company's (Berneil) remaining 200 AF of its annual CAP water allocation to the Cave Creek Water Company (CCWC). Berneil's existing CAP water service subcontract would be terminated. CCWC's existing CAP water service subcontract would be amended to increase its annual allocation from 1,600 AFA to 1,800 AFA. Berneil would continue to rely on its existing groundwater supply system to serve its water service area; CCWC has indicated that it would use the additional CAP water to supply irrigation water to a golf course within its service area, or would treat, deliver, and use it as a potable water supply within the CCWC water service area. No new treatment and delivery facilities would need to be constructed for CCWC to use this transferred CAP water.

Reclamation has determined that the proposed CAP water allocation transfer, termination of Berneil's CAP water service subcontract, and amendment to CCWC's existing CAP water allocation to increase its CAP water allocation by 200 AFA will not result in significant environmental impacts to either water service area, or to communities in the general vicinity, which would merit preparation of an environmental impact statement.

BACKGROUND

Berneil entered into a CAP water service subcontract in 1985 for 432 AFA, but has never taken delivery of any of its CAP water allocation. Berneil transferred 200 AFA to the City of Scottsdale and 32 AFA to the City of Phoenix in 1998. If the remaining 200 AF of its CAP water allocation is transferred to CCWC, Berneil's CAP water service subcontract would be terminated. Berneil would continue to rely upon groundwater for its potable water supply, and has entered into an agreement with the City of Scottsdale to provide emergency back-up supplies in cases of emergency.

CCWC entered into a CAP water service subcontract in 1985 for 1,600 AFA of CAP water. At that time, CCWC anticipated it would pump its CAP water through a pipeline commencing at Deer Valley Road continuing north along Cave Creek Road to a water treatment plant with at least 1,600 acre-feet of capacity and a large (at least 1,000,000 gallon) storage tank that was to be constructed in the northwest quarter of Section 28, of Township 6N, Range 4E. An environmental review of submitted plans was carried out by Reclamation prior to execution of the water service subcontract, and final environmental clearances were conducted by Reclamation on the water treatment plant site prior to its construction. The first 1,100-acre-foot phase of the water treatment plant (expandable to 3,300 acre-feet) was constructed by a third-party corporation. In March 2005, Global Water Resources acquired all stock of both CCWC and the third-party corporation. Both are now wholly owned subsidiaries of Global Water Resources, Inc. The treated CAP water is delivered into pre-existing storage tanks (converted to a clear well and temporary storage) before being transported throughout the CCWC service area.

From 1990 through the mid 1990s, additional 8-, 12-, and 18-inch water lines were installed through the middle of CCWC's water service area extending to the boundary of the property

known as Spur Cross Ranch. The treatment facility's capacity was recently expanded by 1,100 acre-feet and is currently able to handle a total of 2,200 acre-feet of CAP water annually. The expansion of the treatment facility was necessary whether or not Berneil's CAP allocation would be transferred to CCWC.

Reclamation's EA describes the existing conditions in the water service areas of the two companies, and the environmental impacts that are anticipated to result from Reclamation's approval of the water transfer. A draft EA dated March 2006 was distributed to over 40 entities on March 6, 2006, for a 25-day public review and comment period. Those receiving the EA included public agencies, tribal governments and interested and/or affected local organizations and private entities. One comment letter was received after the end of the comment period. Responses to the comments included in that letter are provided as Attachment 1 to this FONSI. No revisions were made to the document; therefore, the March 2006 document is considered to be the final EA with the inclusion of Attachment 1.

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Based upon the EA, and in consideration of the comments received during the public review, Reclamation has determined that transfer of 200 AFA of CAP water from Berneil to CCWC will not significantly impact the environment. Preparation of an environmental impact statement is not required. This decision is based upon the following considerations.

(1) There would be no impact to the Berneil water service area. Berneil has never taken delivery of any CAP water. In 1998, Berneil transferred 200 AFA and 32 AFA of its CAP water allocation to the cities of Scottsdale and Phoenix, respectively. Berneil's water exchange agreement with the City of Scottsdale for the 200 AFA of CAP water included a provision that Scottsdale would provide emergency water supplies to Berneil in the event that Berneil is unable to provide water to meet customer demand due to failure of equipment or loss of system pressure (Reclamation 1998). Berneil's water service area is essentially built out; no new construction would be required, and no land disturbing activities would occur as a result of implementing the proposed action.

(2) CCWC currently delivers untreated CAP water to the golf course that is to receive the 200 AFA of transferred CAP water. No additional construction would be required to deliver this additional CAP water. Should CCWC later decide to treat, deliver, and use it as a potable water supply within the CCWC water service area, the existing water treatment and delivery facilities have sufficient capacity to treat and deliver these 200 acre-feet.

(3) Use of the additional 200 AFA of CAP water may only be used to serve CCWC's "current and committed demand," as specified by the Arizona Department of Water Resources (ADWR 1997). Therefore, if used as a potable water source, the 200 AFA of transferred CAP water could only be used to replace groundwater currently being pumped to serve CCWC's customers, and could not be used to satisfy future urban development beyond what has already been approved by ADWR. No new development will occur solely due to the approval of this water transfer.

Documents related to this action are identified below.

Arizona Department of Water Resources. Correspondence with Ms. Myrtle George, President of Cave Creek Water Company, January 24, 1997.

Reclamation (U.S. Bureau of Reclamation). 2000. Draft Environmental Impact Statement - Allocation of Water Supply and Long-Term Contract Execution (INT DES 00-24). Lower Colorado Region, Bureau of Reclamation. Boulder City, Nevada.

Reclamation. 1998. Final Environmental Assessment-Central Arizona Project Water Assignment, Berneil Water Company to City of Scottsdale. Phoenix Area Office, Lower Colorado Region, Bureau of Reclamation. Phoenix, Arizona.

Reclamation. 1982. Final Environmental Impact Statement – Water Allocations and Water Service Contracting, Central Arizona Project (INT FES 82-7). Lower Colorado Region, Bureau of Reclamation. Boulder City, Nevada.

SWCA, Inc. 2006. Environmental Assessment for CAP Water Allocation Transfer. Prepared for Cave Creek Water Co. Phoenix, Arizona.

ATTACHMENT 1

LETTER OF COMMENT FROM THE FISH AND WILDLIFE SERVICE
on the
PROPOSED TRANSFER OF 200 ACRE-FEET OF CENTRAL ARIZONA PROJECT WATER
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and

RECLAMATION'S RESPONSE

Response to Letter of Comment from the U. S. Fish and Wildlife Service (FWS)

Response 1. As explained in the environmental assessment (EA), no land disturbing activities would result from delivery and use of the 200 acre-feet annually (AFA) of CAP water to be transferred from Berneil Water Company (Berneil) to Cave Creek Water Company (CCWC). The 200 AFA of CAP water would be used to irrigate an existing golf course. Should the water later be used as a potable water supply, it may only be used to serve areas within CCWC's water service area that have already been developed or received a 100-year assured water supply certification from the Arizona Department of Water Resources. These areas may be developed regardless of the outcome of the proposed CAP water transfer; no new development will occur solely due to the approval of this water transfer.

Response 2. Reclamation continues to believe that consultation requirements of NEPA are sufficient to meet the requirements under the Fish and Wildlife Coordination Act for actions such as the proposed CAP water transfer.