

## **RESOLUTION NO. 5689**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA AUTHORIZING THE SALE OF EIGHTEEN PERCENT (18%) OF THE STORAGE CAPACITY THE NEW RIVER AND AGUA FRIA RIVER UNDERGROUND STORAGE PROJECT TO AVONDALE; AUTHORIZING THE LEASE OF EIGHT PERCENT (8%) OF THE STORAGE CAPACITY THE NEW RIVER AND AGUA FRIA RIVER UNDERGROUND STORAGE PROJECT FROM AVONDALE; APPROVING THE EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT AND LEASE AGREEMENT TO EFFECTUATE THE STORAGE CAPACITY SALE AND LEASE BACK; AND AUTHORIZING THE CITY MANAGER TO TAKE ALL ACTION NECESSARY OR PRUDENT IN FURTHERANCE OF THE STORAGE CAPACITY SALE AND LEASE BACK.

WHEREAS, the cities of Chandler and Avondale are parties to and participants in the New River and Agua Fria River Underground Storage Project Intergovernmental Agreement dated August 4, 2004, as amended July 23, 2008 (“**NAUSP Agreement**”), together with the City of Glendale, the City of Peoria, the Salt River Valley Water Users’ Association, and the Salt River Project Agricultural Improvement and Power District; and

WHEREAS, under the terms of the NAUSP Agreement, Chandler’s water storage entitlement is twenty-two and eight tenths percent (22.8%) of the storage capacity of the New River and Agua Fria River Underground Storage Project (“**NAUSP**”); and

WHEREAS, Chandler is committed to sustainable aquifer management and prioritizes aquifer replenishment in close proximity to the location of groundwater pumping; and

WHEREAS, reducing NAUSP deliveries supports Chandler’s aquifer management goals and priorities; and

WHEREAS, Chandler desires to sell, and Avondale desires to purchase, Chandler’s storage entitlement equal to eighteen percent (18.0%) of the storage capacity of the NAUSP for a purchase price of five million seven hundred fifty-three thousand two hundred thirty-seven dollars and thirteen cents (\$5,753,237.13); and

WHEREAS, the parties will execute the Intergovernmental Agreement for the Conveyance of Rights in the New River and Agua Fria River Underground Storage Project (“**IGA**”) to effectuate the sale; and

WHEREAS, Avondale has agreed to lease back eight percent (8.0%) of the NAUSP storage capacity to Chandler for the period of July 1, 2023 through December 31, 2026 with an option to extend for an additional one-year period, providing Chandler with a total storage entitlement of twelve and eight tenths percent (12.8%) during the term of the Lease; and

WHEREAS, the parties will execute the Agreement for the Temporary Assignment of Declared Firm Lease Capacity in the New River and Agua Fria River Underground Storage Project (the “**Lease**”) to effectuate the lease back.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Chandler, Arizona, as follows:

Section 1. Authorizes and directs the City to sell eighteen percent (18.0%) of the NAUSP storage capacity, currently owned by the City of Chandler, to the City of Avondale for the purchase price of \$5,753,237.13 pursuant to the IGA that is approved in substantially the form attached hereto as Exhibit “A.”

Section 2. Authorizes and directs the City to lease eight percent (8%) of the NAUSP storage capacity from Avondale for the period of July 1, 2023 through December 31, 2026 with an option to renew for an additional one-year period pursuant to the Lease that is approved in substantially the form attached hereto as Exhibit “B.”

Section 3. Authorizes the City Manager or designee to do and to perform all acts necessary or prudent to effectuate the sale and lease back of the storage entitlement as agreed to in the IGA and the Lease.

PASSED AND ADOPTED by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 5689 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2023, and that a quorum was present thereat.

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM

\_\_\_\_\_  
CITY ATTORNEY

DMG