

MINUTES
Special Council Meeting
San Luis City Council
San Luis Council Chambers
1090 E. Union Street
May 19, 2021
6:30 p.m.

1. CALL TO ORDER/ROLL CALL

Mayor Gerardo Sanchez called the Special City Council meeting to order at approximately 6:39 p.m.

Mayor, City Council, and some members of staff participated remotely.

PRESENT: Mayor Gerardo Sanchez
Vice Mayor Africa Luna-Carrasco
Council Member Luis E. Cabrera
Council Member Jose Ponce
Council Member Matias Rosales (arrived at approximately 6:57 p.m.)
Council Member Gloria Torres

ABSENT: Council Member Mario Buchanan Jr.

OTHERS PRESENT: Tadeo A. De La Hoya, City Administrator
Melissa Lopez, Deputy City Clerk
Kay Marion Macuil, City Attorney
Chris Velez, Management Analyst
Derek Dueñas, Information Technology Manager
Eulogio Vera, Director of Public Works
Glenn Gimbut, Assistant City Attorney
James Einwaechter, Assistant Director of Public Works
Jenny Torres, Economic Development Manager
Jonathan Dumadag, Information Technology Technician
Jorge Perez, Billing and Collections Manager
Jose Luis Cisneros, Executive Assistant
Jose Guzman, Director of Planning & Zoning
Marlene Lara, Assistant to the Mayor and City Council/PIO
Mary French Jones, Grant Writer
Monica Castro, Director of Finance
Ralph Velez, City Consultant
Richard Jessup, Chief of Police
Elizabeth Carpenter, Developer (remotely)

2. PLEDGE OF ALLEGIANCE

Council Member Jose Ponce led the Pledge of Allegiance.

3. DISCUSSION AND POSSIBLE ACTION ITEM:

3 .A. Discussion and possible action on any and all matters regarding Resolution No. 2174. A resolution of the Mayor and City Council of the City of San Luis, Arizona approving a development and protected development rights agreement for an electricity generator using a solar wind tower with the Developer (KiNRG, Inc.; KiNRG Global Solutions, Inc. and Arizona Green Power, L.L.C.). ITEM CONTINUED FROM THE REGULAR COUNCIL MEETING HELD MAY 12, 2021. (Glenn Gimbut, Assistant City Attorney; Eulogio Vera, Director of Public Works, Jenny Torres, Economic Development, Jose Guzman, Director of Planning & Zoning; and Ron Pickett of Arizona Green Power)

Mr. Glenn Gimbut, Assistant City Attorney, stated that this project began approximately six (6) – seven (7) years ago, this is the 3rd time a development rights agreement has been presented to the Mayor and City Council. Development Rights Agreements last only three (3) years and if development does not begin they expire. This Development Rights Agreement is different in that it requires more water and a longer period of time because of the impact of a data center. The data center will justify and allow the financing of this project and for it to begin.

Mr. Ron Pickett, Arizona Green Tower, explained that they found the way to get this done, which is the data center project. There are some more things in the Development Rights Agreement that were not there before, more infrastructure to pay for, but the economics of the tower are the same. The employees and economic benefits have been enhanced as a \$1.2 billion data center that will bring another 130 employees that are higher paying employees than the tower will be bringing in. Mr. Pickett provided the basics of the solar wind tower. Staff prepared a new agreement with the name changes of the entities now involved in the project and other updates due to current estimates of water needs and a revised timeline.

Mr. Gimbut said that the main concern people have is the pledge of 12,500 acre feet of water for 50 years. The previous pledge was 8,500 acre feet for 25 years and as a result there has been some concern about that number. What the City Council knew is that Mr. Eddie Loo had his square mile and the other square mile between Avenues D and E in citrus and there was another half square mile across from the private prison in citrus, all of which is no longer there. His understanding is that the citrus per square mile was pumping 10,000 acre feet a year. If the tower is viewed because the citrus is no longer there, pumping is trading the water that previously went for citrus to now go for the tower. Therefore, more water is not being used than what was there at the time of the assured water supply study, as when this study was completed in 2010, this land was all in citrus. He added that Mr. Pickett has represented that 70% of the water after initial charge of the tower is recaptured and recycle back to the tower. The remaining 30% is cold damp air that goes into the ground. All previous agreements also said 50 years.

Mayor Gerardo Sanchez asked Mr. Eulogio Vera, Director of Public Works, if there is a 100 year guarantee of water certification.

Mr. Vera responded that the city currently has a 100 year assured water supply designation from Arizona Department of Water Resources (ADWR) received in 2010. In this designation, there is a limitation as far as when the city has to re-apply for it or worry about it. One of the criteria is exceeding the 8,000 acre feet per year, reaching where the water table drops or reaching its end of the period which will be 2030. If the current growth continues, the city would not be in jeopardy of losing the designation by 2030. In the event that the city was to receive some of the major industry that has been interested in San Luis lately, in the last couple of years that have been requesting a similar amount that the city uses right now, an acre feet will be 3,000 to 4,000 acre feet per year. Then the city would definitely have to be looking at, for example if the city was to get two (2) of those, then one would be going to ADWR and try to acquire that assured water supply designation. He learned that 70% of the water was being recharged and Mr. Pickett clarified this verbally. The city would be expecting some documentation to show that, that is the case of the 70% of the 11,000 acre feet would be going back to the ground water. Presently, the average consumption is a 3,700 acre feet per year. In comparison to this project, which is 12,500 acre feet per year, it is a significant number. If the city loses 30% of the 11,000 acre feet, then the city will be using about the same amount they are using right now. So if the tower was placed overnight, it would be like if the city had grown twice the size of what it is now. If this was the case and other projects are not happening, the city will still be in the threshold that the current designation includes.

Mr. Vera furthermore added that looking at the groundwater data, staff analyzed well site 7, since this is the closed to the project site and the biggest well, has dropped about a foot per year as far as a water table is concerned. In ten (10) years, it has dropped ten (10) feet. But for him to say it is little or a lot, he does not feel comfortable to say either as he does not have the reference. He does not have an exact time frame of when a study can be completed. The Mexico pumping influences the drop, the Bureau of Reclamation has a well-filled parallel to the international boundary which also pumps and has an impact.

A question and answer interchange took place amongst the Mayor, City Council, staff and Mr. Pickett regarding the tower project, water study, proposed agreement, documentation of the 70% replenishing of water and how the 70-30 percent functions inside the tower and aquifer. A question and answer work session took place prior to this special meeting.

Ms. Jenny Torres, Economic Development Manager, added that staff supports the project but they want to make sure that there is some analysis so staff can recommend this project as well as other future industrial developments. There is some funding available from another project that could be used. She believes it is a great investment as it will guide staff to recommend or not future developments in regards to industrial, residential and commercial.

Mayor Gerardo Sanchez expressed that he wants to make sure that the City Council feels comfortable in order to proceed. In order for the city to proceed, not only the water study will be required but also a time frame will be needed because without an agreement the project will not move forward.

The city does not want to jeopardize this project but the City Council needs answers. Based on the numbers, he wants to make sure that there is an assurance of water. He stated he does not want to reject the project adding that before the City Council proceeds with this, a timeline for the study is needed. Staff needs to define exactly what they want, how much it will cost the city and how long it will take. It appears like if the city is going to pay for this study and not Mr. Pickett.

Council Member Matias Rosales stated that a general study should be completed beforehand not for the tower but for the economic growth and then from there move forward.

Mr. Gimbut indicated that he will call Mr. Bill Plummer, Interim Director at Yuma Irrigation District, to find out what type of study is needed and for a recommendation.

Mr. Pickett stated that he understands the City of San Luis is concerned about their future growth, houses, commerce, future industry, schools, people coming in and how they are going to manage the water. He is sorry his project has become involved in that concern because he is not using the city's water. He suggested, if the city will approve moving forward with this, subject to Mr. Pickett submitting to staff an expert report validating that he will not be using the city's water, but there is nothing in this tower that use the city's water. That his company is returning it back to the environment and that in the sole discretion of staff or City Council, can cancel whatever has been done if staff or City Council do not like the reports to their satisfaction. He will draw water and it always been from day one; he met with the state to go through this on the city's behalf five (5) years ago. They are taking water out of the ground, putting it through the tower and putting it back on top of the ground again and that is not consuming water. The city needs a study to find out how the city will consume water over the next 10, 20, 30, 100 years. In this agreement Mr. Pickett will pay for that study down the road for the whole city to make sure the tower is not impacting the water usage, he is borrowing it.

Mr. Gimbut mentioned that there can be a motion that approves the agreement subject to that contingency, he will draft and put something together and suggested that this item be on next week's council meeting.

MOTION: Council Member Luis Cabrera/Vice Mayor Africa Luna-Carrasco to continue this item to the next scheduled council meeting of May 26, 2021. Motion passed unanimously.

The vote was as follows:

Mayor Gerardo Sanchez	Aye
Vice Mayor Africa Luna-Carrasco	Aye
Council Member Luis E. Cabrera	Aye
Council Member Jose Ponce	Aye
Council Member Matias Rosales	Aye
Council Member Gloria Torres	Aye

4. ADJOURNMENT

MOTION: Council Member Gloria Torres/Council Member Luis Cabrera to adjourn the Special Council meeting at approximately 7:36 p.m. Motion passed unanimously.

The vote was as follows:

Mayor Gerardo Sanchez	Aye
Vice Mayor Africa Luna-Carrasco	Aye
Council Member Luis E. Cabrera	Aye
Council Member Jose Ponce	Aye
Council Member Matias Rosales	Aye
Council Member Gloria Torres	Aye

APPROVED:

Gerardo Sanchez, Mayor

ATTEST:

Sonia Cornelio, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special City Council meeting of the City Council of the City of San Luis, Arizona, held on April 7, 2021. I further certify that the meeting was dully called and held and that a quorum was present.

Sonia Cornelio, City Clerk