



North Ada County Foothills Association

One voice. One goal. One plan.

November 21, 2010

Eagle Mayor Jim Reynolds
Council members Mike Huffaker, Norm Semanko, Al Shoushtarian, John Grasser
660 E. Civic Lane
Eagle, ID 83616

Dear Mayor and Council:

Recently the North Ada County Groundwater Users Association (NACGUA) provided you with a copy of a document provided to the Idaho Department of Water Resources (IDWR) outlining concerns about the present negotiations between IDWR and M3. We hope you will consider this information as you decide how you will respond to the proposal that the City of Eagle replace M3 as the applicant in the Permit Application to Appropriate Water No. 63-32573.

This proposal raises several serious questions, the following among them, that need to be considered prior to committing the citizens of Eagle to the inherent risk associated with the M3 water right application.

1. Should Eagle head down this path, will the City simply accept the work of M3's subcontractor, Hydrologic-- a contractor the City did not hire or monitor and whose work the City presumably has not reviewed? If not, is the City prepared to fund 3rd party experts to review Hydrologic's work - work which is coincidentally at odds with IDWR's and NACGUA's experts?
2. How will the City fund a large cash reserve for potentially-injured senior water users if Hydrologic's assumptions are inaccurate and water is not sufficient to serve the massive M3 development at full build-out?
3. IDWR's Amended Final Order granted a water right sufficient for only Phase I of the M3 project—a small portion of the total houses and ancillary commercial/public structures the City approved. That order also requires a monitoring program (and possibly curtailment and mitigation), for which neither operating procedures nor costs

have been determined. Is Eagle willing and able to assume these responsibilities considering the concerns about the quantity of water and sustainability of the aquifer?

4. Finally, given the potentially large and continuing financial commitment this decision entails, and in the spirit of open and transparent government, when will the City initiate the public process to hear citizens' opinions and concerns on this issue?

Many of the assumptions found in the 2007 Demographic Forecast Economic & Fiscal Impact Analysis report, which formed the basis of the revenue projections for the M3 project and showed a net revenue gain to the City, are no longer valid today. Two key assumptions, the time required to complete build-out and the value of the residential construction (and thus property tax revenue to the City from the M3 development) have changed significantly. Given the current economic climate, we strongly recommend the City revise and update the analysis to verify the M3 project will generate enough revenue to cover needed services **before** proceeding with a decision to assume the additional responsibility for providing water to the development.

Finally, the City would be setting an important precedent by agreeing to assume the responsibility to acquire water rights for a private developer—to our knowledge the first time a developer has not been required to “come to the table” with water rights. Is the City prepared to do this for all future developers as well? What financial implications does assuming this new responsibility for developers imply and on what basis is this policy being changed? If longstanding City policy is not being changed but an exception is being made solely for the M3 development, what is the City's basis for such an exception?

We look forward to the opportunity to discuss these issues in public hearings as you deliberate on the full scope of issues and concerns related to the City replacing M3 as the applicant in this water rights process.

Thank you for your consideration.

Sincerely,



Kathy Pennisi
On behalf of John Petrovsky, Chairman
North Ada County Foothills Association