

City Of Ada

A MUNICIPAL CORPORATION

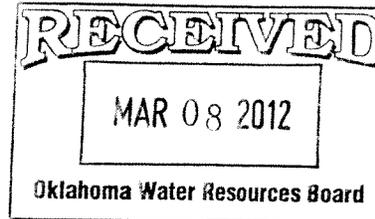
"City of Pure Spring Water"

*Dick Scalf
Mayor*

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March 5, 2012

Ms. Julie Cunningham, Chief
Planning and Management Division
Oklahoma Water Resources Board
3800 North Classen
Oklahoma City, Oklahoma 73118



Dear Julie:

I would like to add the City of Ada's support to the comments that Lewis Parkhill and I have prepared regarding the "Proposed Tentative Determination of the Maximum Annual Yield for the Arbuckle-Simpson Groundwater Basin". OWRB has done an excellent job of framing the issues that determine the sustainability of the Arbuckle-Simpson as the water supply and engine of economic development for south-central Oklahoma.

We strongly support an equal proportionate share of 0.2 acre-feet per acre that we believe is compatible with the science. As noted in the attached document, we do not think an implementation period of five years is adequate and look forward to working with OWRB to reach a more practical solution.

Again, thanks for your hard work and dedication to this very important issue to Ada and south-central Oklahoma.

Sincerely,

A handwritten signature in cursive script that reads "Dick Scalf".

Dick Scalf
Mayor

cc: Oklahoma Water Resources Board Members

OWRB EXHIBIT 6M

Senate Bill 288 Implementation Challenges

Issue: Municipal and Rural Water District holders of groundwater permits in the Arbuckle Simpson Aquifer (ASA) face challenges in complying with the .2 AF equal proportionate share rule.

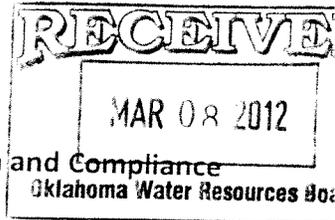
Part One: Assumptions

- **Sustainability**--ASA water resources are essential for current and future residential, agricultural, commercial/industrial, and recreational uses, all vital for area economies and quality of life in the ASA region.
- **Conjunctive Use**--the scientific study mandated by SB 288 demonstrates that groundwater use can affect surface flows. SB 288 recognizes that current ASA users are reliant on both groundwater and surface waters from the ASA, and that both kinds of use must be considered in rules implementation to achieve sustainable levels of use for both ground and surface water users.

Examples of ground and surface water permits in the ASA:

City of Ada: groundwater wells and surface flows from Bird's Mill Springs
City of Sulphur: groundwater wells
City of Tishomingo: surface flows of Pennington Creek (stream flow from ASA)
City of Durant: surface flows of Blue River (stream flow from ASA)
Rural Water Districts: groundwater wells and surface water sources

- **Equal Proportionate Share**--based on the scientific study which established the "maximum annual yield" of the ASA, the proposed .2 AF "equal proportionate share" rule provides all users the best assurance of sustainable yields from the ASA.
- **Certainty and Cooperation**--whether reliant on ground water, surface water, or both, current permit holders share the need for a reliable, sustainable water resource, and reasonable SB288 implementation rules can provide the needed certainty for both short and long range planning. Users reliant on surface flows can be assured of continued flows, and cities reliant on ground water wells will have time to adjust to a reduced groundwater allocation.
- **Planning and Financing**-- Some holders of existing permits will need time, technical assistance, increased or reallocated financial resources, political will and public support to comply with the .2 AF level of use.



Part Two: Phased Implementation as a Tool and Process for Implementation and Compliance

- **Phased Implementation**—a reasonable time for complying with the proposed .2 AF rule is critical to insuring orderly, systematic compliance with the .2 AF rule to minimize potential conflict among ground and surface users and to avoid political resistance to the provisions of SB288.
- **Phased Implementation Process**—compliance for current permit holders would specify phased reduction benchmarks to arrive at the .2 AF rule on a specified not later than date. OWRB might require submission of a compliance plan and regular progress reports. The proposed rule language about “exceptions” could be applied here to allow individual compliance schedules if cases meet specified criteria.
- **Phased Implementation Time Frame**—because of the complex and potentially costly issues in meeting the .2 AF rule, users will need reasonable time frames, longer than the five years specified in the proposed tentative order. Two case studies follow to illustrate the need for an extended implementation time frame longer than five years.

Part Three: Two Case Studies

Case Study One: The City of Tishomingo, population 3,100.

A surface water permit for Pennington Creek, a designated high quality stream originating in the ASA, is the sole source of municipal water. Thus, the provisions of SB288 and the proposed .2 AF rule give the city some assurance that we may continue to rely on Pennington Creek flows for city water. However, City of Tishomingo experience with other water and waste water compliance issues makes us very understanding of the complex political, technical and financial challenges facing ASA groundwater permit holders in complying with the .2 AF equal proportionate share rule.

Tishomingo Water and Waste Water Compliance Experience

For the last twelve years, the City of Tishomingo has struggled to meet mandated water and waste water standards, including addressing consent orders and paying fines for inability to comply within specified time frames. Projects have included renovation of both water and waste water plants and providing back up generators and telemetry reporting for twelve lift stations. In compliance and no longer under consent order, the city has financing obligations which will continue for decades and limit what other projects the city might want or need to do.

More recently, the city continues its compliance response to a DEQ mandated study of deficiencies in waste water infrastructure. This study began over three years ago and identified over two million dollars in needed line replacement and manhole repairs. In response, we are now nearly two years into a USDA Rural Development loan/grant agreement (2.4 million grant, 5 million loan) which will also address water supply infrastructure. Legal easement work alone has taken over one year to complete. The city has, once again, raised water rates to fund the loans, and the back and forth submission of paper work between the city and USDA continues. Final agreement and permission to go out for bids should occur

some time this summer. Construction and project completion are further out. Cities cannot always control the time frame needed for complex infrastructure projects, and our experience has been that they always take longer than planned.

Cities cannot drop existing financial obligations, nor do cities have unlimited options for raising water rates or sales tax to fund new compliance mandates or unexpected needs. While Tishomingo will benefit from the .2 AF rule and its protection of stream flow, the city understands and supports the appeals of current groundwater permit holders who may need more than five years to comply. Providing a longer, phased implementation period for cities reliant on groundwater will encourage compliance which offers the City of Tishomingo greater assurance that we can continue to rely on surface flows from Pennington Creek for our municipal water supply.

Case Study Two: The City of Ada, population 17,000

Comments at the OWRB meeting on February 13 suggesting that water providers have known for years, that these pumping limits were coming, greatly overstates the public's or even City officials' understanding and acceptance of this issue. At a June 2008 Town Hall Meeting in Ada, then OWRB Director Duane Smith's attempt to educate Ada citizens about the implications of the Arbuckle-Simpson study actually frightened some City Councilors and threatened support for SB 288. It has taken years to educate City officials that the positive benefits to Ada of protecting Byrd's Mill Spring far outweighs the negative aspects of reducing ground water pumping limits.

The Ada City Council is now fully in support of the 0.2 acre feet/acre equal proportional share; however, it may take more than five years for Ada to educate the voters, approve the funding mechanisms needed and obtain additional ground water rights to compensate for SB 288 requirements. Ada is in the initial stages of adding a water supply well and associated pipeline outside the influence on Byrd's Mill Spring (\$3 to \$4 million) and replacing an 83 year old main water supply line from Byrd's Mill Spring to Ada (\$15 to \$20 million). These actions should significantly reduce the total ground water pumping needed to meet Ada's requirements. Additional ground water rights are estimated to cost \$10 to \$15 million just to replace reductions resulting from implementation of SB 288.

The timing and extent of water rate increases is politically limited as is the ability to raise sales taxes. The most appealing major funding option for Ada appears to be the continuation of an existing sales tax that matures in 2015. Although few, if any, landowners understand the technical, legal and political dynamics, it is to their advantage that Ada develop a robust, long-term and politically acceptable plan for obtaining Arbuckle-Simpson ground water rights. Ada is the only practical, significant market at this time and for the foreseeable future. Some Ada leaders recognize that effective and efficient long-term management and protection of the Aquifer requires fair compensation to landowners. However, all options require a public education, legal, financial and political effort that may extend beyond a proposed implementation time of five years.