

July 23, 2010



Snowbowl Friends,

On July 2, 2010 the U.S. Department of Agriculture, together with the Coconino National Forest, released the permit authorizing Arizona Snowbowl to move forward with our upgrade plans. There have been numerous news articles since the announcement which may not be totally clear. I will attempt to clarify the current status and ask for your assistance.

We are elated that the USDA and USFS issued the permit after four years of litigation. You will recall that on June 8, 2009, the U.S. Supreme Court denied the plaintiff's appeal to review the favorable decision from the 9th Circuit En Banc Court. Since then, at the USDA's request Snowbowl participated in several meetings in an effort to develop a "Win-Win" solution.

As part of their issuance of our permit, the USDA has asked the City of Flagstaff to consider using "recovered reclaimed water" to address tribal cultural and religious concerns. We currently have a contract with the City for the direct delivery of reclaimed water. The Forest Service permit issued to us allows either source of water.

Following up on the USDA request, we are asking the City to amend our existing water contract to include the use of recovered reclaimed water. In order to use the recovered reclaimed water, we must have our current City contract amended which requires City Council approval. Our hope would be that the City would agree to such and any continued opposition to snowmaking will end.

We look to our supporters and friends to help us. As you know, the second lawsuit filed by the opposition to snowmaking using reclaimed water is still pending in district court in Phoenix. We have argued that this second lawsuit should be thrown out and recently had a hearing on our request on July 20, 2010. We are very optimistic that the Court will agree with our position, but court rulings take time and then are subject to appeals. As such, this new solution of recovered reclaimed water will hopefully moot the second lawsuit and hopefully move the project forward. For this to happen, the Water Commission will hold a meeting on July 29th followed by a City Council meeting sometime in early August.

We ask you to do the following:

- Review the enclosed Talking Points memo and column reprinted from the Arizona Daily Sun.
- Email, send a letter, or call the members of the Water Commission and City Council (contact info below).
- Attend both meetings. The Water Commission will meet at Sinagua Middle School on July 29 at 6:00 pm.
- Speak to water commissioners and council members, especially if you know them
- Ask your friends and associates to do the same.
- Attend a meeting with owner Eric Borowsky and myself on Wednesday, July 28 at 5:30 PM (please RSVP to me if you plan on attending and I will forward the location in a separate email).

If you have additional questions or want to speak on our behalf at either meeting please contact me at jrmurray@arizonasnowbowl.com.

Thank you in advance of your efforts,

J.R. Murray
General Manager

To contact the Water Commissioners:

Dan Burke dburke@wlgroun.com
Hanna Cortner hannacortner@aol.com
Patrick Hurley, Chairman constnmgr@yahoo.com
Richard Kersey orendatech@earthlink.net
Jim McCarthy jk436mc@npg.com
John Nowakowski janflg2003@msn.com
Jeff Oravits J.oravits@mac.com
Robert Shinham shinham@npgcapble.com
Paul Turner pturner@teiaz.com

Attn: Water Commission
City of Flagstaff Utility Dept.
211 W. Aspen
Flagstaff, AZ 86001

To contact members of the City Council:

To email all: council@flagstaffaz.gov

For more information about your Mayor and Councilmembers or to contact individually click on one of the names below:

Mayor Sara Presler spresler@flagstaffaz.gov
Vice Mayor Celia Barotz cbarotz@flagstaffaz.gov
Councilmember Art Babbott ababbott@flagstaffaz.gov
Councilmember Karla Brewster kbrewster@flagstaffaz.gov
Councilmember Coral Evans cevans@flagstaffaz.gov
Councilmember Scott Overton soverton@flagstaffaz.gov
Councilmember Al White awhite@flagstaffaz.gov

To make an appointment with the Mayor or a Councilmember call (928) 779-7600.

ARIZONA SNOWBOWL UPGRADE PROPOSAL SNOWMAKING WATER SOURCE TALKING POINTS

On July 2, 2010 the U.S. Department of Agriculture and the Coconino National Forest issued permits approving all elements of the upgrade proposal including snowmaking. The permits approve the use of either "reclaimed water" or "recovered reclaimed water" to make snow. The USDA has requested that the City of Flagstaff approve the use of recovered reclaimed water to address the cultural and religious concerns of local Tribes. This issue is a business retention priority for Flagstaff and the State of Arizona.

- Recovered reclaimed water is reclaimed water that is discharged into the Rio de Flag wash and allowed to percolate through the ground where it mixes with the existing potable water aquifer. Flagstaff has been recharging the Flagstaff well field for nearly 30 years in this fashion.
- Arizona water regulations recognize stored reclaimed water as a viable source of potable water to meet community water demands. When stored reclaimed water is pumped back out of the aquifer it is classified as recovered reclaimed water.
- According to the USDA, using recovered reclaimed water to make snow is an acceptable alternative to address tribal concerns about using the direct delivery of reclaimed water.
- Flagstaff needs to amend the existing contract between the City and Snowbowl to allow the use of recovered reclaimed water to make snow. The Water Commission is holding a special meeting on July 29 to discuss this issue. The City Council is expected to meet in early August.
- There will be no impact to the City's water supplies by changing to recovered reclaimed water.
- There is no cost to the City. The USDA will provide a Rural Economic Development Grant to the Flagstaff Industrial Development Authority to pay for the water delivery system. Snowbowl will pay the higher cost for using recovered reclaimed water instead of reclaimed water.
- Arizona Snowbowl supports the City's efforts to comply with the USDA request and amend the existing water contract to allow the use of recovered reclaimed water.
- Benefits include:
 - Snowbowl can proceed with the construction of the snowmaking infrastructure and be able to make snow for the 2011-12 ski season.
 - The community benefits with over 200 construction jobs and over 300 direct and indirect permanent jobs.
 - The economic impact to the community is approximately \$50M per year once the snowmaking system is complete.
 - The current lawsuit in Federal District Court becomes moot.
- Some of the plaintiffs in the current lawsuit and some tribal leaders have made public statements that they will continue to challenge every aspect of snowmaking and want the ski area to close.
- Arizona Snowbowl began commercial operation in 1938 making it one of the oldest ski areas in the United States. Snowbowl is a community asset that should be allowed to improve its facilities to accommodate its guests, improve service and safety, replace aging equipment and with snowmaking, operate on a more consistent and predictable basis.
- Recovered reclaimed water allows construction to begin in 2010. If the City does not approve the requested amendment, Snowbowl will not be able to proceed with any snowmaking construction until the new Federal District Court case is resolved which will delay Snowbowl for another two years.
- Fire hydrants and the reservoir will provide a much needed water source to fight forest fires.

Coconino Voices: Little difference between two snowmaking options

RANDY PELLATZ | Thursday, July 22, 2010 REPRINTED FROM THE ARIZONA DAILY SUN

Given the intensely debated subject of snowmaking in our community, we wanted the opportunity to provide a simple, coherent explanation of the two different options for providing a water supply to the Arizona Snowbowl for snowmaking that are contained within the U.S. Forest Service's Special Use Permit issued on July 2, 2010.

First is the direct delivery of reclaimed water, which means water is pumped from the city of Flagstaff's water reclamation plants directly to Snowbowl. This is the method in the existing contract between Snowbowl and the city that was authorized in 2002.

Second is the indirect delivery of reclaimed water, which means pumping or "recovering" water that has been previously stored underground. This method is preferred by the U.S. Department of Agriculture.

Recharge and recovery of reclaimed water is a common water management practice throughout southern Arizona and many other southwestern states. Like many municipalities, Flagstaff has been recharging its local aquifers with highly treated reclaimed water for nearly 30 years, which has added to the naturally existing groundwater supplies.

This additional water supply comes from the 680 million gallons per year discharged into the Rio de Flag from the city's water reclamation plants. The reclaimed water subsequently infiltrates underground and is stored for future use. Storing reclaimed water underground not only makes sound water management sense, it is also encouraged by the Arizona Department's of Water Resources and Environmental Quality and allowed by state law.

Some question whether recovered reclaimed water is actually "potable water?" Prior to the city's discharge of A+ reclaimed water into the Rio de Flag, it already meets all drinking water quality standards before any additional natural cleaning as the water infiltrates downward through the sediments and rock. Once the recharged water reaches the natural water table, it becomes co-mingled with groundwater and, when pumped or "recovered," it is of "potable" or drinking water quality.

Lastly, pumping previously stored reclaimed water, which is a portion of the potable water circulating through the city's pipelines, is more expensive than directly delivering reclaimed water. In order for this alternative option to be financially neutral to utility ratepayers of Flagstaff, the federal government has proposed to assist in a portion of the costs. Additionally, the Arizona Snowbowl will be responsible to pay for the full cost of this alternative supply, should this option be selected. Therefore, either direct-delivered reclaimed or recovered reclaimed water present an identical impact on our water supply and is financially cost-neutral to the city and its ratepayers.

For more information regarding the two options contained in the USFS permit, please come to the next Water Commission meeting on July 29, 2010, 6 p.m. at Sinagua High School.

Randy Pellatz, P.E. is Utility Director for the city of Flagstaff. Contact him at 779-7618.