ORIGINAL

0000148715

BEFORE THE ARIZONA CORPORATION

RECEIVED

2013 OCT -3 A 10: 22

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

OCT 03 2013

DOCKETED BY

COMMISSIONERS

BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

IN THE MATTER OF THE APPLICATION OF RED ROCK UTILITIES, L.L.C. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE IN PIMA COUNTY, ARIZONA.	)))))	DOCKET NO. WS-04245A-07-0363 MOTION FOR FURTHER EXTENSION OF COMPLIANCE FILING DATE DEADLINE

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

I.

MOTION FOR FURTHER EXTENSION OF COMPLIANCE FILING DATE DEADLINE

Pursuant to A.A.C. R14-3-106(K), Red Rock Utilities, L.L.C. ("Red Rock") hereby moves the Commission to enter an appropriate form of order or decision further extending from December 4, 2013 to December 4, 2015 the deadline by which Red Rock is required to file an Approval To Construct ("ATC") from the Arizona Department of Environmental Quality ("ADEQ") for the water system facilities needed to serve Phase I of the Verano Master-Planned Community ("Verano") in Pima County, Arizona ("Motion").[1] The circumstances surrounding the instant Motion are as follows.

II.

CIRCUMSTANCES SURROUNDING MOTION

On August 17, 2011 the Commission issued its Decision No. 72532 extending the deadline for Red Rock filing an ATC from ADEQ for the water system facilities needed to serve Phase I of Verano from December 4, 2011 to December 4, 2013.[2] In Decision No. 72532, the Commission noted that

[1] In that regard, the Pima County Department of Environmental Quality ("PCDEQ") is functioning as ADEQ's delegate in this instance.

[2] The original due date for filing the ATC was December 4, 2009 (Decision No. 70030). That date was subsequently extended by the Commission to December 4, 2011 (Decision No. 71226).

> "Red Rock reports that it has made preparation to drill two wells, construct 4,400 feet of 8-inch transmission main between the wells and construct 1,300 fee of 12-inch transmission main to provide potable water to . . ."

a correctional facility that was to be constructed and operated on a 122 acre site within the boundaries of Red Rock's Verano CC&N.[3]

Subsequent to the issuance of Decision No. 72532, Red Rock caused the completion of the first of the two (2) aforementioned wells in August of 2011 at a cost of $280,139. The second of said wells was completed in December of 2012 at a cost of $366,388. In addition, Red Rock has expended $67,101 on engineering drawings for the aforementioned 8-inch transmission main which will interconnect the two (2) wells; and, on September 5, 2013, Red Rock received an ATC for that transmission main from PCDEQ. A copy of that ATC is attached to this Motion as Appendix "A"[4] and is incorporated herein by this reference.

In Decision No. 72532, the Commission also referenced the fact that the timeline for development of Verano was influenced by ongoing collaboration between the developer (South Wilmot Land Investors, LLC or "SWLI") and Pima County in connection with anticipated development of both Verano and the surrounding area.[5] The purpose of such collaboration is to insure timely and compatible coordination and integration of land use(s) and infrastructure in the unincorporated areas of Pima County which surround and include the Verano acreage.

In that regard, SWLI's timeline for commencing development of the residential portion of Phase I of Verano has become substantially influenced by Pima County's "Aerospace and Defense Corridor Economic Development Initiative" ("Initiative"), which has been developed subsequent to the issuance of Decision No. 72532. Attached hereto as Appendix "B" and incorporated herein by this reference is a copy of a February 13, 2013 document entitled "Aerospace and Defense Corridor Economic Development Initiative Planning and

---

[3] See Decision No. 72532 at page 2, lines 5-7 and 13-15.

[4] In that regard, Corrections Corporation of America ("CCA") has not begun construction of the aforementioned correctional facility because of circumstances beyond CCA's control, so RRU has understandably not commenced work on the aforementioned 12-inch transmission main which would serve that site.

[5] See Decision No. 72532 at page 2, lines 7-12.

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

Implementation," as released by Pima County's Administrator (Chuck Huckelberry), which discusses the Initiative in detail and states that its implementation will create the State of Arizona's "largest public/private partnership."[6]

Both Red Rock and SWLI are among the private sector participants in the Initiative, by reason of the Verano project's future potential as a short commute residential community for individuals who will be employed at the contemplated Aerospace/Defense Research and Business Park, Tucson International Airport ("TIA") and Raytheon Missile Systems ("Raytheon"). In that regard, attached hereto as Appendices "D" and "E" are copies of maps which depict the close proximity of Verano and the proposed Aerospace/Defense Research and Business Park, and the existing TIA and Raytheon employment centers, respectively. These appendices also depict the close proximity of Verano to the planned Aerospace/Defense Parkway and Corridor.

As a consequence of the above, both Red Rock and SWLI have temporarily postponed constructing any additional water system infrastructure for serving Phase I of Verano, other than the aforementioned completion of two (2) wells and the contemplated 8-inch interconnecting transmission main, pending further discussions with Pima County. However, as stated in the September 30, 2013 letter from SWLI which is attached hereto as Appendix "F" and incorporated herein by this reference, SWLI intends to develop Verano, and SWLI continues to desire that Red Rock be the water service provider to Verano. Further, as noted above, Red Rock has already expended a total of $780,729 on two (2) completed wells and transmission main engineering plans in furtherance of that objective.

III.

REQUEST FOR RELIEF

Accordingly, by means of this Motion, Red Rock is requesting that the Commission issue an appropriate form of order or decision extending the deadline date for filing an ATC from

[6] Illustrative of public entities participating in such partnership are those listed on Appendix "C" hereto, which is incorporated herein by this reference.

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

ADEQ for the water system facilities needed to serve Phase I of Verano from December 4, 2013 to December 4, 2015, for the reasons discussed in Section II above.

Dated this 1st day of October 2013.

Respectfully submitted,

Lawrence V. Robertson, Jr.

Lawrence V. Robertson, Jr.
Of Counsel to Munger Chadwick P.L.C.
Attorney for Red Rock Utilities, L.L.C.

The original and thirteen (13) copies of the foregoing Motion are being mailed the 2nd day of October 2013 for filing with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

A copy of the foregoing Motion will be emailed/mailed that same date to:

Steve Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Janice Alward, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mark Weinberg, Manager
Red Rock Utilities, L.L.C.
2200 East River Road, Suite 115
Tucson, Arizona 85718

Lyn A. Farmer
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Kim Battista, Director
Utilities Division Compliance Section
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

Appendix "A"

October 1, 2013 Motion for Extension
Red Rock Utilities, L.L.C.
Docket No. WS-04245A-07-0363

PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY
ENGINEERING REVIEW UNIT
33 N. Stone Ave., Suite 700, Tucson, Arizona 85701-1429
Telephone: (520) 724-7400

CERTIFICATE OF APPROVAL TO CONSTRUCT
Water Facilities

System Name: TO BE DETERMINED System No.: TO BE DETERMINED

Project Owner: RED ROCK UTILITIES

Address: 2200 E. RIVER RD. TUCSON, AZ 85704

Location: T-16-S, R-14-E, SECTION 12 Latitude: 32° 23' 34.90" Longitude: -110° 52' 09.10" County: Pima

Description: WATER EXTENSION TO SERVE VERANO DEVELOPMENT AND NEW WELLS NUMBER 1 (ADWR # 55-220150) AND WELL NUMBER 2 (ADWR # 55-221600)

Approval to construct the above, described facilities as represented in the approved plan on file with the Pima County Department of Environmental Quality is hereby given subject to the following provisions:

AFTER COMPLETION OF CONSTRUCTION, A PROFESSIONAL ENGINEER, REGISTERED IN THE STATE OF ARIZONA SHALL COMPLETE A FINAL INSPECTION AND SUBMIT AN ENGINEER'S CERTIFICATE OF COMPLETION, ACCURATE "AS BUILT" PLANS, PRESSURE TEST RESULTS, CHLORINATION RESULTS AND MICROBIOLOGICAL TESTING RESULTS TO PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY IN ORDER TO OBTAIN AN APPROVAL OF CONSTRUCTION. THOSE PLANS MUST BE CLEAR BLUELINE PRINTS SUITABLE FOR MICROFILMING AND SHALL CLEARLY AND ADEQUATELY REPRESENT THE FACILITIES AS THEY ARE CONSTRUCTED.

PRIOR TO THIS PROJECT RECEIVING AN APPROVAL OF CONSTRUCTION, THE OWNER OF THE WATER SYSTEM MUST PROVIDE INFORMATION TO PDEQ TO ASSIGN A NEW PUBLIC WATER SYSTEM IDENTIFICATION NUMBER AND PAY THE PIMA COUNTY OPERATING PERMIT FEE.

The State law, A.R.S. 49-353, requires that construction of the project must be in accordance with the rules and regulations of the Arizona Department of Environmental Quality and the Pima County Department of Environmental Quality. For the purposes of Licensing Time Frames, under AAC Title 18, Chapter 1, Article 5, this Approval to Construct suspends the licensing time frames and constitutes a Notice of Deficiencies. According to AAC R18-9-A301(D)(f), the applicant, after completion of construction of the facility specified herein, is required to submit all applicable documents. The submittal of all the required documents restarts the licensing time frames. Construction shall conform with the approved design documents.

If this project includes trenching, land stripping, earthmoving or road construction, an air quality activity permit may be required pursuant to P. C. C. Title 17.12.470. For inquires, regarding air quality activity permits, please call (520) 724-7400.

If construction has not started within one year, this certificate will be void and a written extension of time shall be required within 90 days of the expiration of the approval date.

Date Approved: September 5, 2013

URSULA KRAMER, P.E.
DIRECTOR

By: David Amash
David Amash, P.E.
Civil Engineering Manager

cc: P-File No. PO12413
P-ADEQ, SRO
Engineer: WestLand Resources

Z:_Shared Data\Water\Water-Sewer Plan Review\Approvals\PO12413.wtr.doc

Appendix "B"

October 1, 2013 Motion for Extension
Red Rock Utilities, L.L.C.
Docket No. WS-04245A-07-0363

AEROSPACE AND DEFENSE CORRIDOR ECONOMIC DEVELOPMENT INITIATIVE PLANNING AND IMPLEMENTATION

PIECING THE PUZZLE INTO A COHERENT STRATEGY

BY CHUCK HUCKELBERRY
PIMA COUNTY ADMINISTRATOR

February 13, 2013

TABLE OF CONTENTS

I. Background and Need 1
II. Protecting, Connecting and Growing the Regional Employment Base 2
A. Raytheon Protection and Expansion 3
B. High-speed Transportation Facilities 4
C. Tucson International Airport as a Logistics Center 6
D. Business Park and Employment Center 7
E. Tucson International Airport Master Plan Update and Development of a Second Main Runway 8
F. New Pilot Training Mission for the Arizona Air National Guard Based at Tucson International Airport 8
III. Develop Voter Approval of Infrastructure and Related Investments Necessary to Implement Major Components of the Aerospace and Defense Corridor Economic Development Plan 9
IV. Unique Opportunity to Collaborate Among and with the Private Sector; Local, State and Federal Governments; The University of Arizona; the US Department of Defense and Tucson Airport Authority, Creating the State's Largest Public/Private Partnership 10
V. Critical Tasks 11

I. BACKGROUND AND NEED

The Tucson International Airport (TIA) environs have been the major aerospace, defense and manufacturing job center in our region for decades. Presently, in the TIA environs and The University of Arizona Science and Technology Park, which is 10 miles east of TIA, there are 40,000 high technology/high wage jobs in aerospace, defense, manufacturing, scientific research and logistics (Figure 1).

Public infrastructure investment to support these job centers is nothing new. In 1980, more than three decades ago, transportation improvements known as the Kino/Campbell Corridor, Kolb Corridor and Palo Verde Corridor were initiated and completed, totaling over $168.1 million of investment; substantially improving mobility between and among these job centers and the urban population of greater Tucson.

In 2010, the vulnerability of growing and sustaining these job centers was demonstrated when Raytheon chose to locate a component of their production and assembly facilities in Huntsville, Alabama in a new facility being constructed at Redstone Arsenal. Tucson could not compete for this line of business due to critical constraints on the Tucson manufacturing and production facilities of Raytheon.

From this lost opportunity for future jobs came the realization that our region needs to do a much better job of protecting the existing employment base and fostering an environment where existing private employers can grow and expand without constraint or restriction.

After over a year of public review, a cornerstone of the newly adopted economic strategy of Pima County is to take steps necessary to provide a coordinated, master planned approach that will allow for expansion of that base in place or within our region.

The primary objective of the Aerospace and Defense Corridor Economic Development Initiative is to retain and grow new high-technology aerospace and defense jobs in the vicinity of TIA and to encourage significant science and technology-based job growth in the Tucson Technology Corridor, including The University of Arizona Science and Technology Park.

II. PROTECTING, CONNECTING AND GROWING THE REGIONAL EMPLOYMENT BASE

Of our region's top 10 private employers, more than half can be characterized as located in the southern portion of the metropolitan area around TIA, extending east to The University of Arizona Science and Technology Park. For ease of identification purposes, this area is simply called the "Aerospace and Defense Corridor." Concentrating economic development planning on this corridor takes advantage of significant amounts of open space to avoid traditional conflicts between industrial and residential uses, incorporates existing assets such as The University of Arizona Science and Technology Park, Port of Tucson and TIA, and offers maximum benefit from a master planned approach. Also, there are complementary employers with diverse labor and material demands to attract supply chain growth and related or complementary industrial users. The Aerospace and Defense Corridor is a strategic investment that can be made at this time to retain the existing employment base, as well as provide the greatest opportunity for employment base expansion. Today, these regional job centers are not efficiently interconnected by surface transportation or the technology necessary for complementary growth. Concentrating

significant public infrastructure investments within this existing and future job corridor would appear to be a sound economic development strategy.

Focusing our economic development efforts on the Aerospace and Defense Corridor will allow this region to achieve multiple economic development objectives, job protection and creation, and other community objectives. The elements of the plan, as will be described in this whitepaper, are interwoven and, in many cases, interdependent, meaning you cannot have one without the other, and each of the objectives must be advanced concurrently to maximize the economic benefits of the proposal. These elements are discussed below.

A. Raytheon Protection and Expansion

The objective of this element is to buffer and allow for the expansion of Raytheon employment by relocating Hughes Access Road and to provide land for possible expansion for operating, manufacturing and assembly facilities, as well as allow for significant engineering and research expansion.

In the past, Raytheon has been threatened with incompatible urban encroachment, primarily from the south, through varying land use proposals to construct residential or commercial developments. These proposals would have created an incompatible adjacent land use and adversely impacted critical guidance system testing activities. Most importantly, the current facilities operated by Raytheon on the southern portion of their campus are leased from the United States Air Force (USAF) and operate under specific regulations related to their activities. Because of the proximity of Hughes Access Road, traffic volumes are an important part of these regulations. Initial traffic volumes were well within acceptable parameters. As traffic counts surpassed 5,000 vehicles (10,000 passengers) per day, a different set of parameters began to apply, necessitating application for temporary waivers.

To ensure that continued use of existing Raytheon facilities is not adversely affected by USAF operational requirements, Hughes Access Road must be relocated to the south.

Initial Hughes Access Road conceptual relocation planning has been completed by the County, and environmental studies were initiated in cooperation with the Tucson Airport Authority (TAA) in February 2013. It has been determined that the most beneficial relocation for Hughes Access Road is as shown in Figure 2, which shows the existing Hughes Access Road and the proposed realignment. The County needs an easement on TAA property to accommodate relocation of Hughes Access Road. Also shown on this figure is a proposed 800-foot Raytheon buffer acknowledged by the TAA. The County proposes the relocation of Hughes Access Road occur as shown in Figure 2 and that the Raytheon buffer be expanded to include all of the land between the current Hughes Access

Road and the realigned Hughes Access Road. This is an area of approximately 570 acres, including 450 acres of TAA land and 120 acres of Pima County land.

The Pima Association of Governments (PAG) and the Regional Transportation Authority (RTA) have allocated $1,050,000 for planning and engineering for this roadway improvement. Such allocation was authorized by a December 6, 2012 amendment of the Transportation Improvement Program by the PAG Regional Council. Another $8.7 million has also been identified for this project in the PAG 2014-18 Draft Transportation Improvement Program; hence, progress is being made toward implementing the roadway relocation. It is desired that construction of the relocated Hughes Access Road be initiated in late 2013. Complete scopes of work for the relocation of Hughes Access Road have been completed and approved by County management.

As described below, the TAA is updating their Master Plan to implement an additional runway to address a number of issues. TAA, the USAF and Raytheon started preliminary discussions on property needs for the future runway and buffer area for the site operated by Raytheon. To achieve the expanded buffer area proposed by the County above, discussions may also need to include the County. It should also be noted that TAA needs land acquisition or permanent restrictions from the USAF to implement a second main runway at TIA. Approximately 50 acres of USAF property, some of which is improved, is needed for the second runway and extended clear zone expansion.

It should also be noted that in the August 5, 2009 First Amendment to the Pre-Annexation Agreement between the City of Tucson and Raytheon Missile Systems Tucson, Arizona, an Annexation Account was created to help fund mutually beneficial projects, including roadway improvements or acquisition of land to resolve encroachment. Pima County, which owns approximately 120 acres of the expanded buffer area, will fully cooperate with Raytheon and the USAF by allowing the property to be used for buffer or expansion purposes, if needed.

B. <u>High-speed Transportation Facilities</u>

Connecting Interstate 19 (I-19) with Interstate 10 (I-10) has been a major regional and statewide transportation objective for over 25 years. It was first studied in the late 1980s as the Sahuarita Corridor with an intended interstate-to-interstate controlled access connection in the general vicinity of Sahuarita Road. Numerous other studies have also been conducted. Because of urban growth and expansion of the Town of Sahuarita, many of the previous options have been impacted by new development. The need for high-speed transportation linkage between Interstates 19 and 10 remains today and is much more urgent than it was 20 years ago. The Joint Planning Advisory Council (Pima Association of Governments, Maricopa Association of Governments and Central Arizona Association of Governments) in its Sun Corridor Project has identified this proposed

corridor as having the highest potential in the State of Arizona to become a successful Import Distribution Zone due to its proximity to both interstates, TIA, the Port of Tucson and adjacent rail facilities. Due to these factors, it is essential that a high speed transportation corridor be planned and implemented connecting I-19 with I-10. The need for this high-speed connection could be leveraged within the Aerospace and Defense Corridor concept.

The Aerospace and Defense Corridor plan proposes a backbone transportation facility known as the Aerospace Parkway. This parkway would essentially connect I-10 at Rita Road along the Old Vail Road connection alignment to Alvernon Way, then through the aerospace/defense research and business park to Nogales Highway at the current Hughes Access Road intersection. From this point, a number of options exist regarding the Aerospace Parkway's connection to I-19. One option is to extend the Aerospace Parkway westerly across the lands of the San Xavier District of the Tohono O'odham Nation to I-19 in the vicinity of the existing Papago Interchange. This option can only be accomplished with the consent and approval of the District and Nation, and has not, nor would be, proposed or pursued without their full consent and agreement.

Another option is to turn the parkway along the Nogales Highway alignment and connect to I-19 at either Pima Mine Road or the proposed El Toro Road alignment in Sahuarita. It appears the Pima Mine Road alignment would also require full approval and consent of the San Xavier District and Tohono O'odham Nation, while the option to connect to I-19 at El Toro Road would not and would coincide with the Arizona Department of Transportation's (ADOT's) plans as identified in the El Toro Road Corridor Study.

If Option 1 is not feasible, Option 2 or 3 will be necessary; and given the predominate travel demand to accommodate is the I-10 to I-19 connection, then the Option 4 alignment of the parkway provides the best final alignment of the parkway through the Aerospace and Defense Corridor.

Given the undeveloped alignment of the roadway today and the planned usage, there is an opportunity to create the Aerospace Parkway as a fully-controlled access parkway and meet the terms and conditions of a controlled access freeway; access to the Parkway would only be allowed through interchange points, with the operating speed of the Parkway similar to existing freeway speeds in the urban area. The Aerospace Parkway and its optional connections to I-19 are shown on Figure 3. It should be noted that, by comparing Figure 2 with Figure 3, the alignment of the Aerospace Parkway in the aerospace/defense research and business park is essentially the same as the relocation of Hughes Access Road. This is to ensure public infrastructure investments are maximized; hence, highway investments made to relocate Hughes Access Road are completely compatible with and usable for the Aerospace Parkway.

Given the interstate-to-interstate connection and the importance of the surface transportation interface with logistics at TIA, it is proposed that the Aerospace Parkway be a State Highway under the operational management and control of ADOT. However, significant local funding for parkway development and approval would be provided by local government agencies, including Pima County, primarily through voter-authorized General Obligation bonds, with up to $90 million being made available for the Aerospace Parkway.

Such is not a new concept. What is new is the significant amount of local investment that would be made. In 1980, Pima County voters approved major transportation corridor General Obligation bonds that matched local, state and federal funding for the Kolb, Palo Verde and Kino/Campbell corridors. Twenty million dollars in local bonds were used to match $148.1 million of federal funds for these roadway improvements.

C. Tucson International Airport as a Logistics Center

We can no longer focus on local, state or even our national economy for economic development. Our region must now be competitive in a global economy that is changing in ways that offer great opportunity for southern Arizona. Increases in transportation and labor costs are shifting economic advantage from Asia to Mexico; and, in some cases, the United States. Mexico is now the lowest cost producer for many goods, which is causing many companies to consider "near-shoring." Southern Arizona is in an ideal position to capitalize on our strategic location relative to goods movement and add value to multiple supply chains. We have location, land availability, low costs and a solid workforce, all of which can contribute to the development of a sound logistics based industry.

The Joint Planning Advisory Committee of the Pima Association of Governments, Maricopa Association of Governments and Central Arizona Association of Governments conducted a freight transportation framework study to identify freight commodities transported by truck, rail, and air pipelines; developed an inland port market assessment; and identified freight infrastructure improvements. This study was undertaken to develop strategies to diversify the economic base of the Sun Corridor.

The study examined 16 regional freight focus areas throughout the state and identified those that have the greatest opportunity for expansion and further development. Of the 16 focus areas, 4 were selected for further analysis. These are 1) TIA, 2) Phoenix-Mesa Gateway, 3) Eloy (I-10 and I-8); and 4) the west valley of Maricopa County. The TIA focus area identified important assets and opportunities for the freight industry, especially considering the proximity of the airport to the international border with Mexico and major transportation infrastructure such as I-10 and I-19, as well as rail facilities.

The characteristics of TIA in the study resembled what has been described by the study as an import distribution center, making this location most applicable to the Sun Corridor for

being developed to serve a vital purpose in global supply chain logistics. In the study's view, a TIA import distribution center would focus on accepting imports and redirecting them to precise markets. TIA is uniquely positioned within Arizona for this purpose because of major air, rail and freeway facilities and its adjacency to a one million person anchor population within two days by rail or truck to major Texas and Mexico source markets and only 53 miles from the Nogales International Border Crossing.

These logistical advantages of TIA are also advantages for continued expansion of basic employment around TIA's employment zones. The logistics center in proximity to freeway, rail, and air pipeline transportation systems is shown in Figure 4. Target Corporation recently chose to locate a 975,000 square foot distribution facility at the east end of the planned corridor near The University of Arizona Science and Technology Park for many of the reasons cited above.

D. Business Park and Employment Center

Another major objective of the Aerospace and Defense Corridor Economic Development Initiative is to plan and implement an approximate 2,500-acre aerospace/defense research and business park on property owned by Pima County, the TAA and the Arizona State Land Department (ASLD). The proposed business park and employment center boundary and location, as well as the ownership interest of each potential partner in the overall business park project, are shown on Figure 5.

It is not difficult to understand that major airports are significant economic drivers. A number of communities have taken advantage of their airports and have organized business and logistic activities around such facilities, including Cummings Research Park and Redstone Arsenal in Huntsville, Alabama; Global Industrial Aerospace Park in Jackson, Mississippi; and Scottsdale Airport in Maricopa County, north of Sky Harbor Airport.

Implementing and developing successful employment centers integrated with airport activities takes time and planning. In the case of Cummings Research Park in Huntsville, Alabama, the first planning began in 1962; Scottsdale Airport in 1964; and Orange County, California's John Wayne Airport in 1963. The Cummings Research Park is 3,800 acres with over 200 firms with 22,000 employees. It is the second largest research park in the United States and fourth largest in the world. The Global Industrial Aerospace Park in Jackson, Mississippi was an expansion of an existing airport beginning in 2003 and resulted in $3.4 billion in tenant investment and creation of more than 4,000 jobs over 9 years. Scottsdale Airport ranks third in Maricopa County employment areas behind Sky Harbor International Airport and Downtown Phoenix and directly contributes over $182 million to the region's economy. John Wayne Airport was the catalyst that caused Orange County, and particularly the Irvine area, to grow dramatically over the past 40 years. The direct impact of their capital improvement program in 2010 alone was over $1 billion, and

area employment exceeds 50,000. To take full advantage of the proximity to an international airport, the availability of large amounts of land without encroachment and possible expansion and protection of the job base at Raytheon, as well as connect other job centers throughout the aerospace corridor, it is essential that cooperative planning between the landowners begin now.

E. Tucson International Airport Master Plan Update and Development of a Second Main Runway

The TAA is now in the process of updating their Master Plan, which is scheduled for completion in March 2013. This update has five components, and all but the financial component have been completed. While a number of operational "air side" improvements will be made, the most significant will be to construct a second main runway at TIA to enhance safety. This will be a major undertaking and will require relocation of some existing airport tenants and land acquisition or restrictions from the USAF on a portion of the property owned by the USAF and occupied by Raytheon. The second runway is an essential improvement at TIA and deserves the full support of all local governments in our community and federal actions that may be necessary through federal agencies to partially or entirely fund the cost to develop the second runway and extended clear zone. Presently, a significant capital investment is being made by the Federal Aviation Administration at TIA in the development of a new control tower at a cost of approximately $40 million.

The County will work with and assist TAA in completing the Master Plan update, developing those operational airport improvements necessary to enhance safety and improve operations, as well as development and completion of the second runway. Figure 6 shows TIA and the proposed modifications and expansions of aircraft operating facilities, including a second runway. The yellow area shown on Figure 6 identifies the USAF-owned land impacted by construction and development of the second runway.

F. New Pilot Training Mission for the Arizona Air National Guard Based at Tucson International Airport

The Arizona Air National Guard (Air Guard) has been a fixture at TIA since inception in the late 1950s. It has trained Air Guard and foreign pilots in a number of fighter aircraft utilized by the USAF over the last four decades. Its current mission continues to be training pilots on the F-16 fighter aircraft; however, the operational mission of the F-16 fighter will be phased out in favor of the new F-35 Joint Strike Fighter.

The economic impact of the 162nd Fighter Wing of the Air Guard at TIA is significant as is their employment of many residents of the immediate area. Their presence at TIA is an important component of overall airport operations. For their viability to continue, they

must receive a new pilot training mission for the latest operational fighter aircraft of the USAF. This new fighter training mission would be significantly enhanced with a second runway at TIA. In fact, if this second runway were used for operational purposes by the 162nd Fighter Wing in their training mission, primary operational flight patterns would shift to the southwest, moving operational flights over less populated areas of our community, which would lessen adverse noise impacts.

The Air Guard requires resolution of two issues that hinder their operation. The first is the relocation of their main gate access on Valencia Road. Presently, they only have one way in and out of their facility. The Air Guard property is currently owned by the USAF. It was acquired in an exchange with the City of Tucson whereby approximately 90 acres of property over which the Air Guard was constructed were exchanged for approximately 900 acres of USAF land, which the City of Tucson currently leases to TAA. The Air Guard needs to relocate their primary point of access to Park Avenue, as the present point of access provides no turn around for inappropriate traffic. Most of the property needed to develop this new primary access for the Air Guard facility is across property identified in the TAA Master Plan update as an extended clear zone, which according to the TAA definition can only contain a roadway, navigational aids, parking or low density recreational activities.

III. DEVELOP VOTER APPROVAL OF INFRASTRUCTURE AND RELATED INVESTMENTS NECESSARY TO IMPLEMENT MAJOR COMPONENTS OF THE AEROSPACE AND DEFENSE CORRIDOR ECONOMIC DEVELOPMENT PLAN

In the past, County bond issues have been approved to foster and promote economic development within the community. As discussed previously in this report, as early as 1980, County voters approved $20 million in bonds to match funds for major transportation corridor improvements in the Kolb, Palo Verde and Kino Corridors. A number of other bond issues have also contained projects that promote economic development.

As recently as the 2004 bond program, $10 million was set aside to purchase lands in the Davis-Monthan Departure Corridor to ensure that Davis-Monthan Air Force Base (DMAFB) would not be adversely impacted by incompatible urban encroachment. The County and voters of Pima County have a history of approving public projects, as well as public infrastructure investments, that promote economic development and protect existing employers. A number of key public investments in the aerospace and defense corridor will provide significant economic development benefits for the entire community. These public investments are critical and essential to provide either matching funds or critical economic development related public infrastructure to facilitate future job and employment expansion within Pima County.

The following major bond program areas have been identified in the Pima County Economic Development Plan approved by the Board of Supervisors in November 2012:

- Highway improvements to support the Aerospace Parkway: $90 million for base improvements. Grade separation will require additional funding.
- Noise abatement program for DMAFB and TIA and buffering of DMAFB: $10 million;
- Access improvements for The University of Arizona Science and Technology Park: $10 million.

Of these improvements that would be financed with voter-approved General Obligation bonds, under the category of noise abatement and buffering of DMAFB, the previous 2004 County bond program contained $10 million to purchase critical lands in the DMAFB Departure Corridor. Developing and administering a noise abatement program patterned along the lines of the successful program implemented by the TAA for TIA would be funded with an initial allocation of $10 million.

Finally, the $10 million allocation for transportation investments in The University of Arizona Science and Technology Park are designed to facilitate the early delivery of property available for job development and economic expansion. The proposed 2,500-acre aerospace/defense research and business park will likely take at least five years to bring the first property to actual development. It is therefore essential that the existing assets within the Science and Technology Park be available before the proposed aerospace/ defense research and business park to accommodate short-term job expansion demand.

IV. UNIQUE OPPORTUNITY TO COLLABORATE AMONG AND WITH THE PRIVATE SECTOR; LOCAL, STATE AND FEDERAL GOVERNMENTS; THE UNIVERSITY OF ARIZONA; THE US DEPARTMENT OF DEFENSE AND TUCSON AIRPORT AUTHORITY, CREATING THE STATE'S LARGEST PUBLIC/PRIVATE PARTNERSHIP

The economic development potential of these actions provides a unique opportunity for our region to collaborate. This unique collaboration would include all levels of government, federal, state and local; private employers, large and small; educational institutions; and job training centers.

This overall project of connecting interstate highways with the Aerospace Parkway surface transportation facility, ensuring a major defense contractor can freely operate without encroachment; developing a second runway at the international airport; and ensuring a future pilot training mission for the Arizona Air National Guard; as well as creating a master planned industrial corridor and a major new aerospace, defense and high-technology employment center; has national and state, as well as local, benefits. It also has

international implications due to the trade benefits associated with Mexico through a logistics center. For these reasons, there are a large number of state and federal agencies, as well as local governments, that have an interest in ensuring that all of the previously discussed, intertwined improvements are completed. Completing all of these elements will require a unique degree of cooperation and improved communication, as well as some degree of compromise in the interest of mutually beneficial, "win/win" solutions.

While it is typically the role of government to provide regional planning and develop infrastructure, development of the industrial park campus and amenities often comes from the private sector. The examples identified earlier were nearly all a combination of the development of public infrastructure followed by private investment to create facilities that attracted investment by companies with needs met by this combination of assets. Location near an airport is important to many companies, including those that rely upon runway access, but also those that have a significant amount of air travel to and from clients. The intermodal capabilities and import/export opportunities afforded by the location of this corridor incorporate goals of many local, state and federal agencies in the enhancement of foreign trade, especially with Mexico.

In addition to the availability of a Foreign Trade Zone and advantageous location for import distribution, there are specific export goals and programs supported by the U.S. Departments of Transportation and Commerce, as well as export opportunities to the far-east driven by low-cost container shipping rates concentrated in southern Arizona. The Arizona Commerce Authority has programs to support creation of export related jobs. The City of Tucson Mayor and other mayors in the region are focused on improving trade opportunities with Mexico. A key factor in making this economic development plan successful is to include public agencies, as well as the private sector, to leverage location, existing programs, and private investment to accelerate development of the aerospace/defense research and business park along the Aerospace Parkway.

The County will begin a series of discussions designed to gain community support for these proposals. Active support will be sought from 1) all regional chambers of commerce, 2) all economic development agencies, 3) regional cities and towns, 4) employers needing improved local supply chain availability, 5) educational institutions at all levels, 6) Native American Tribes, and 7) local, state and federal agencies focused on transportation and international trade.

V. CRITICAL TASKS

Listed below are the critical tasks or action areas to support these economic development goals. Target dates and key milestones need to be established by the involved parties.

Task	Description
1	TAA and County agree to a planned relocation of Hughes Access Road and general alignment of the future Aerospace Parkway.
2	TAA and USAF/Raytheon agree on land options to support the new runway alignment and buffer zones.
3	Finalize new entry gate location for 162nd Fighter Wing and location options for ordnance storage.
4	TAA and County commitment to partner and support for development of Aerospace/Defense Research and Business Park.
5	Finalize Airport Master Plan; provide community support.
6	National Environmental Policy Act (NEPA) process and design completed for Hughes Access Road relocation.
7	Engineering completed for Hughes Access Road Realignment.
8	Finalize funding for Hughes Access Road Relocation; proceed to construction.
9	Determine I-19 connection alignment for Aerospace Parkway in coordination with federal, state, tribal, PAG, and local transportation agencies.
10	Ensure Aerospace Corridor and TIA area are incorporated into the final JPAC Sun Corridor transportation plan and prioritized funding.
11	Incorporate UA Science and Technology Park transportation needs.
12	Develop design concept and cost estimate for Aerospace Parkway.
13	Identify F-35 local training support issues and plan for noise remediation for TIA and DMAFB.
14	Coordinate F-35 training support for next round base selection.
15	Work with partners to compile economic and community benefits associated with Aerospace Parkway and Aerospace/Defense Research and Business Park.
16	Present alternatives to the BAC for approval for a 2014 Bond Election.
17	Collaborate with multiple governmental, tribal, quasigovernmental and private sector participants to structure public/private partnerships to develop an Aerospace/Defense Research and Business Park.
18	Incorporate Aerospace Parkway into PAG Significant Routes Plan.
19	Obtain designation of Aerospace Corridor as a State Route and ultimately a State Highway.

CHH/mjk

Attachments

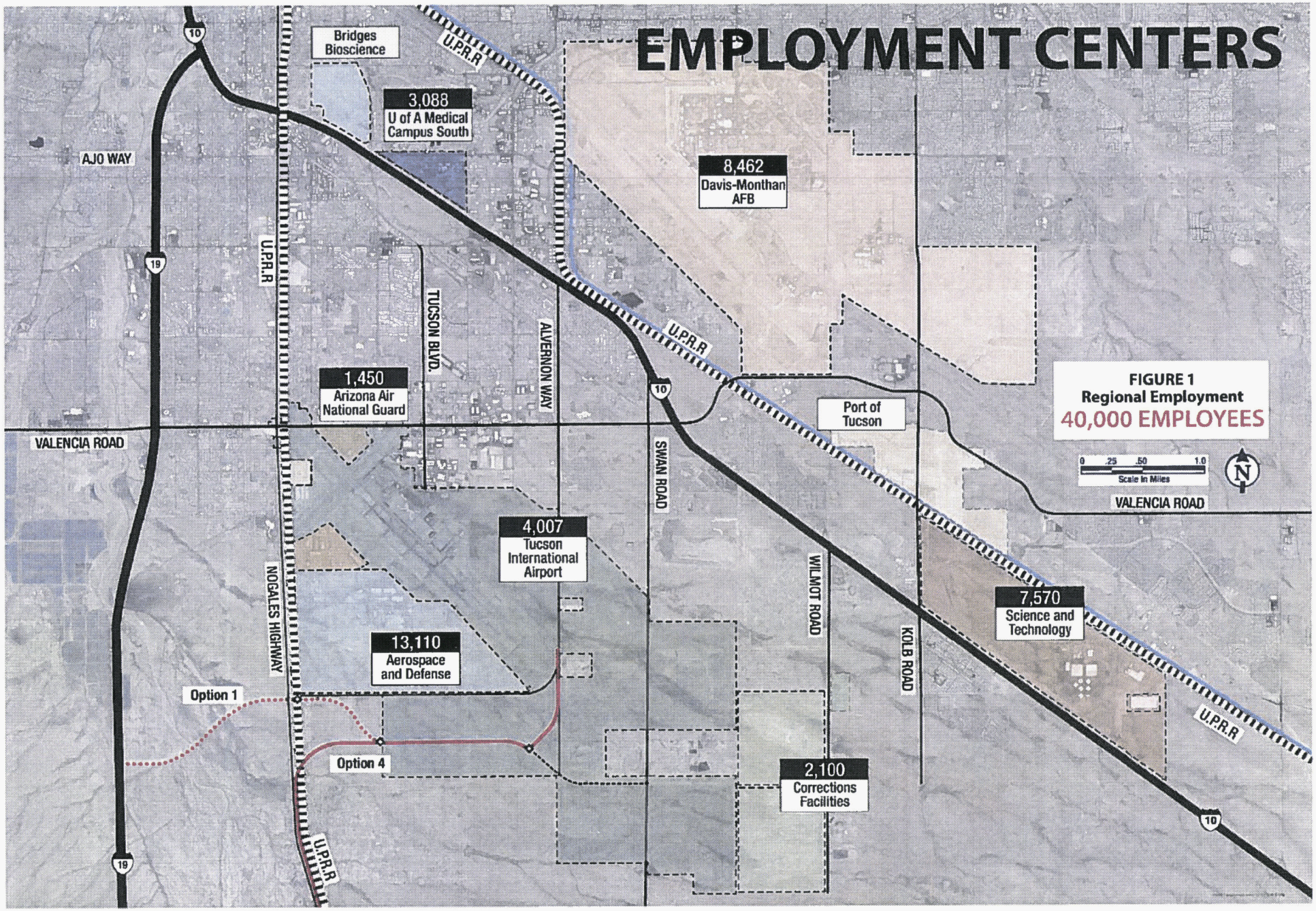


FIGURE 1
Regional Employment
40,000 EMPLOYEES

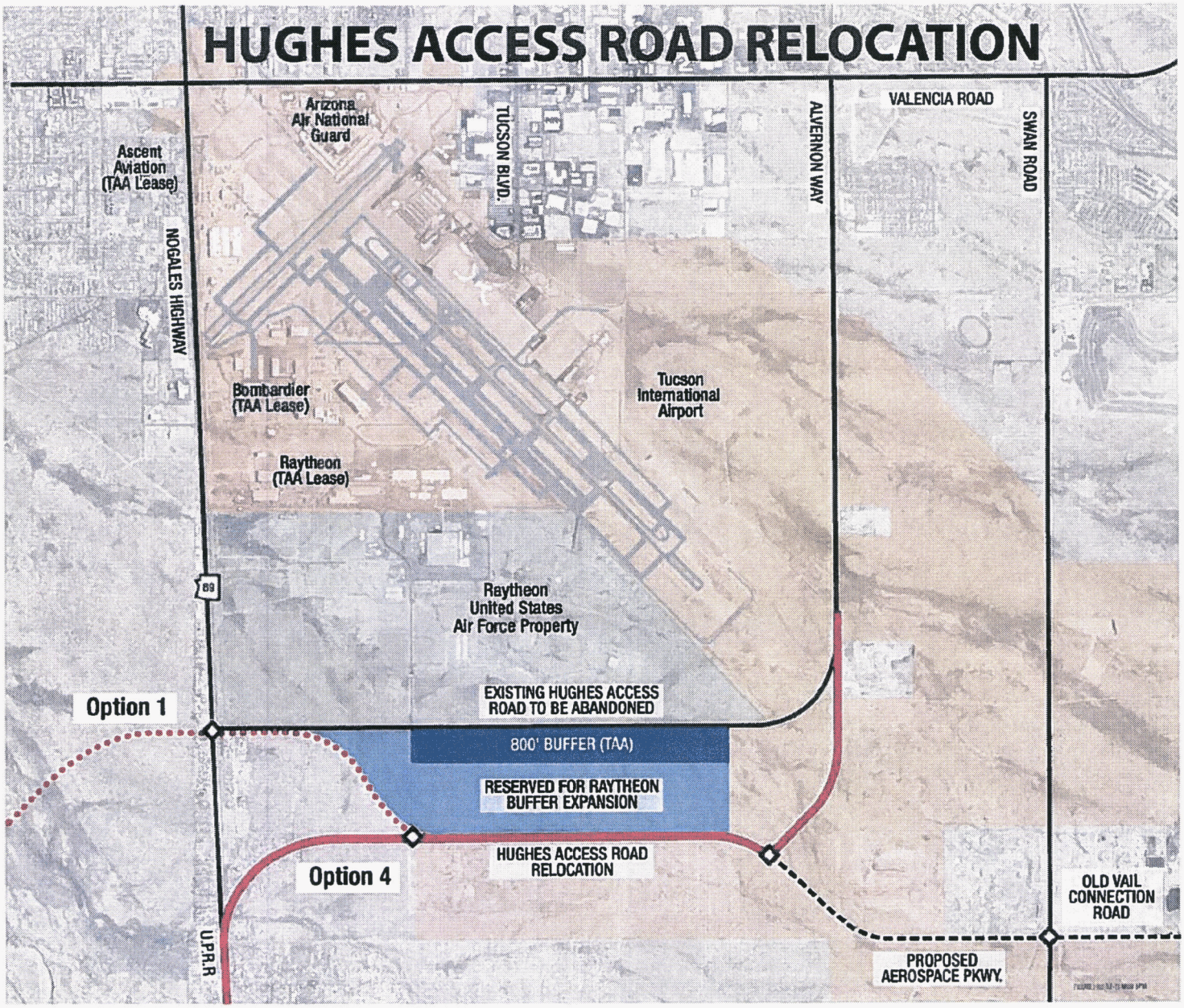


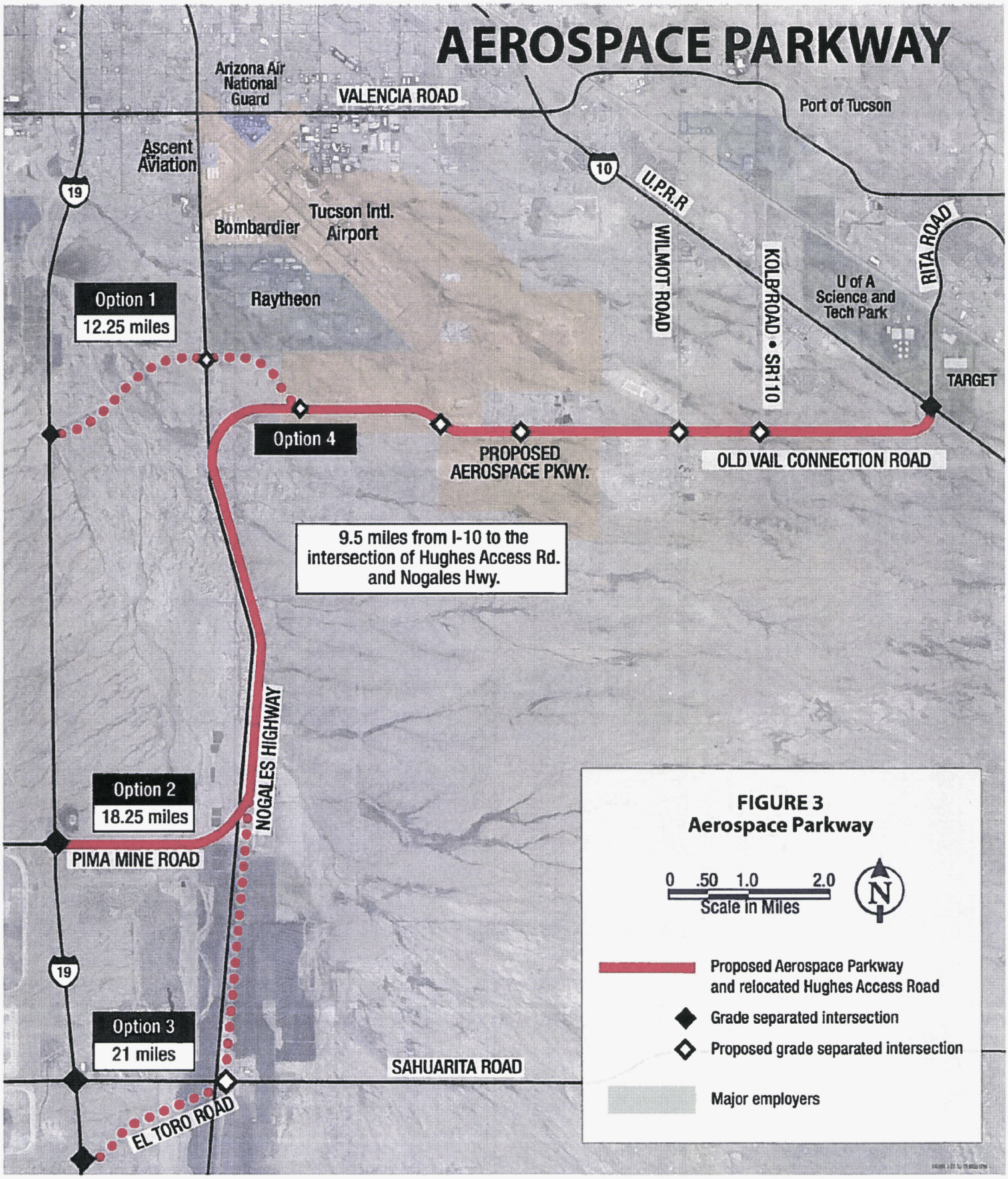
FIGURE 2
Interim Hughes Access Road Relocation and Raytheon Buffer Expansion

0 .25 .50 1.0
Scale in Miles

N

Proposed Aerospace Parkway and relocated Hughes Access Road

Proposed grade separated intersection


AEROSPACE PARKWAY
Arizona Air National Guard
VALENCIA ROAD
Port of Tucson
Ascent Aviation
19
10
U.P.R.R
Bombardier
Tucson Intl. Airport
WILMOT ROAD
KOLB ROAD • SR110
RITA ROAD
U of A Science and Tech Park
Raytheon
Option 1
12.25 miles
TARGET
Option 4
PROPOSED AEROSPACE PKWY.
OLD VAIL CONNECTION ROAD
9.5 miles from I-10 to the intersection of Hughes Access Rd. and Nogales Hwy.
NOGALES HIGHWAY
Option 2
18.25 miles
PIMA MINE ROAD
19
Option 3
21 miles
SAHUARITA ROAD
EL TORO ROAD
FIGURE 3
Aerospace Parkway
0 .50 1.0 2.0
Scale in Miles
N
Proposed Aerospace Parkway and relocated Hughes Access Road
Grade separated intersection
Proposed grade separated intersection
Major employers

LOGISTICS CENTERS

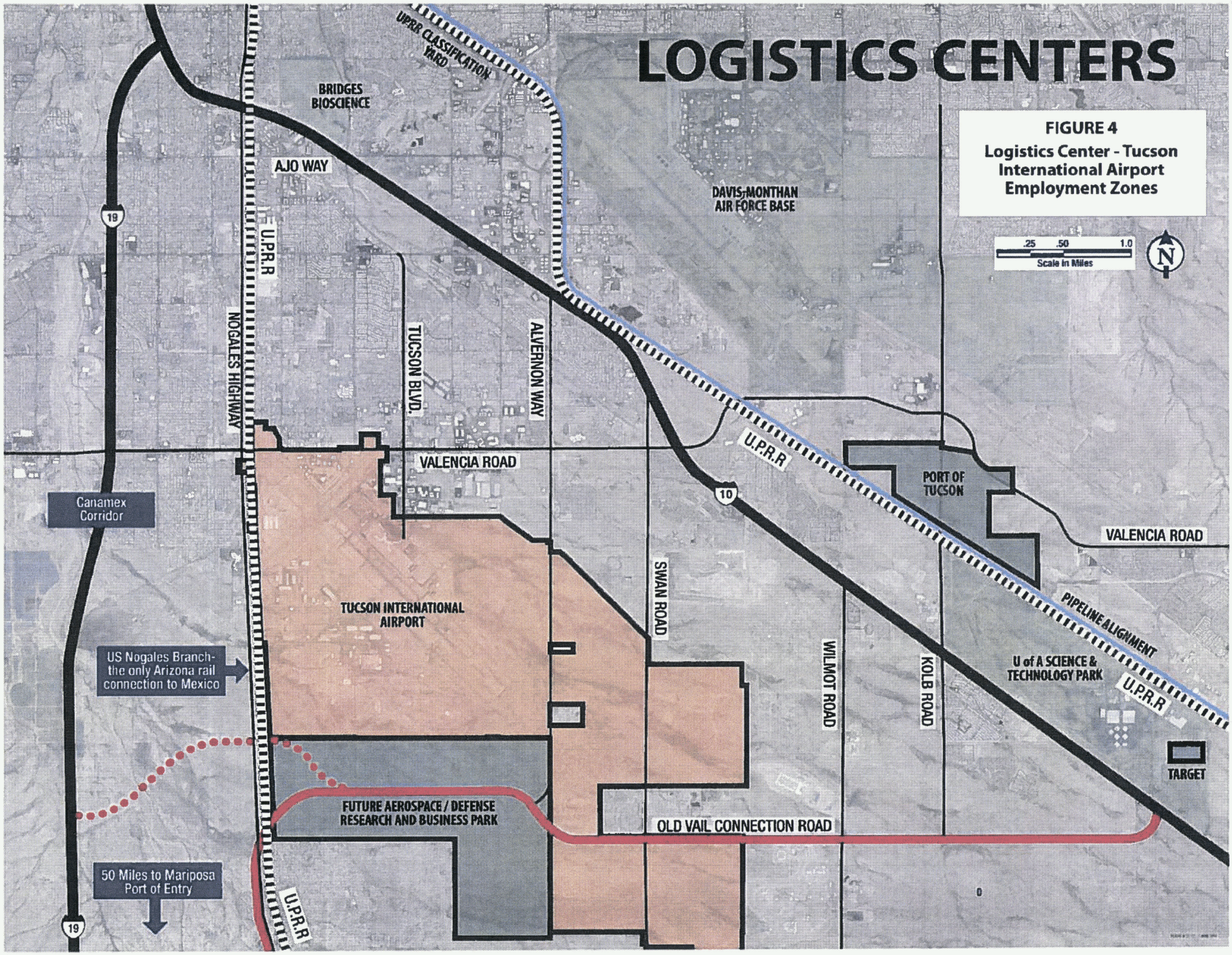


FIGURE 4
Logistics Center - Tucson International Airport Employment Zones

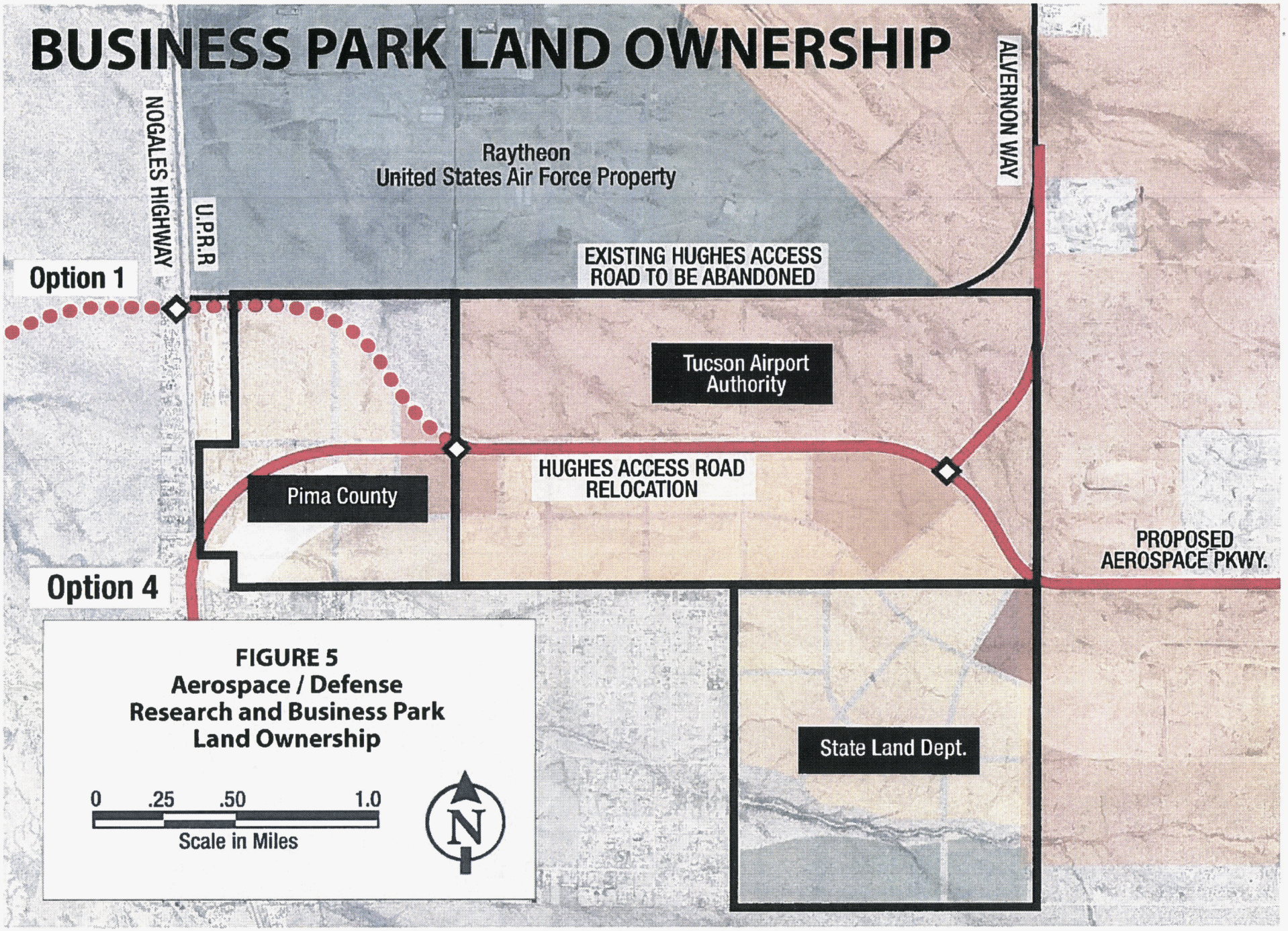


FIGURE 5
Aerospace / Defense Research and Business Park Land Ownership

FIGURE 5 02-12-13 MOD 5PM

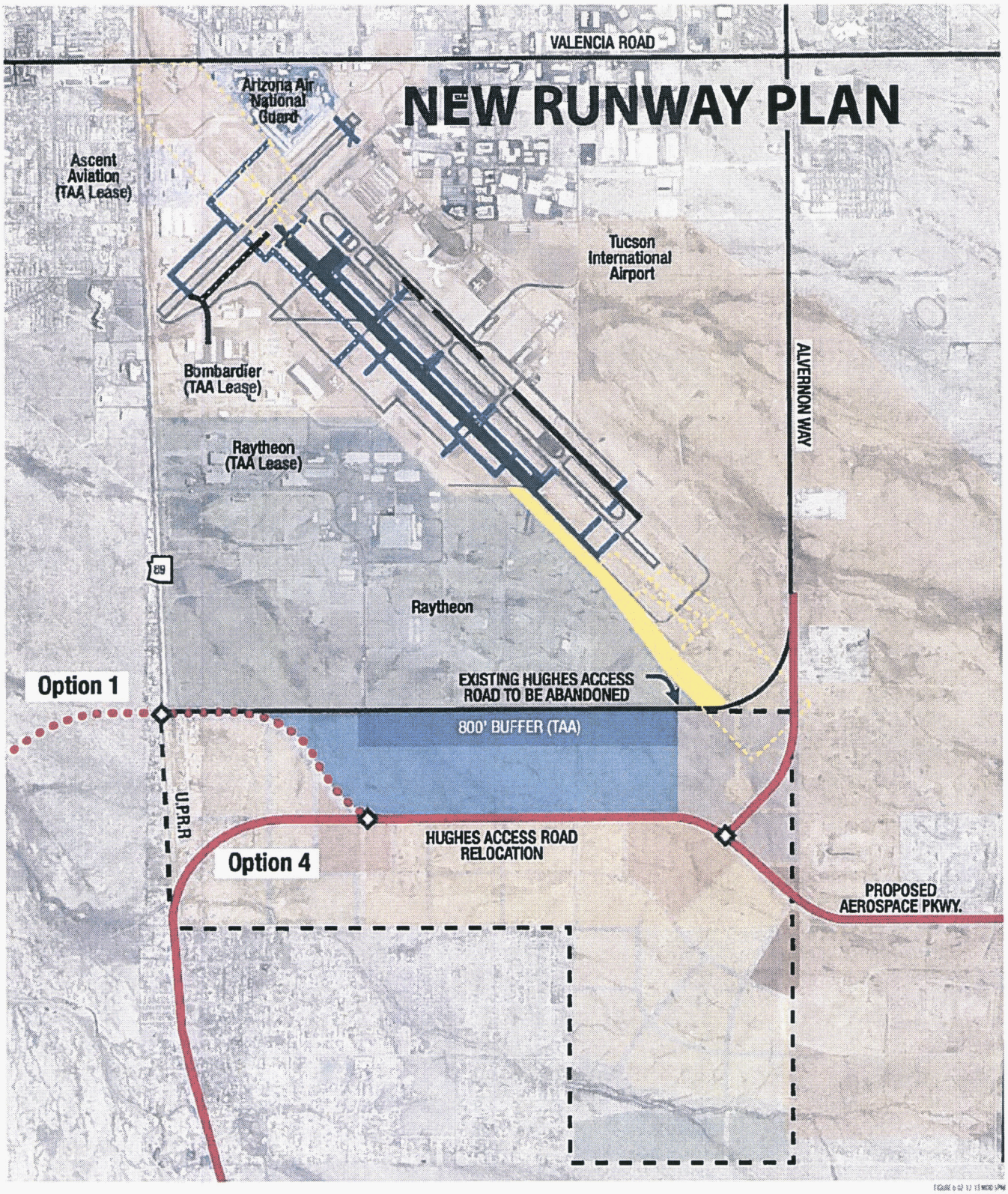


FIGURE 6
TAA Preferred New Runway Plan

0 .25 .50 1.0
Scale in Miles

N

- New taxiways
- New parallel runway
- Land to be acquired
- Proposed Aerospace Parkway and relocated Hughes Access Road
- Proposed grade separated intersection

Appendix "C"

October 1, 2013 Motion for Extension
Red Rock Utilities, L.L.C.
Docket No. WS-04245A-07-0363

Aerospace & Defense Corridor

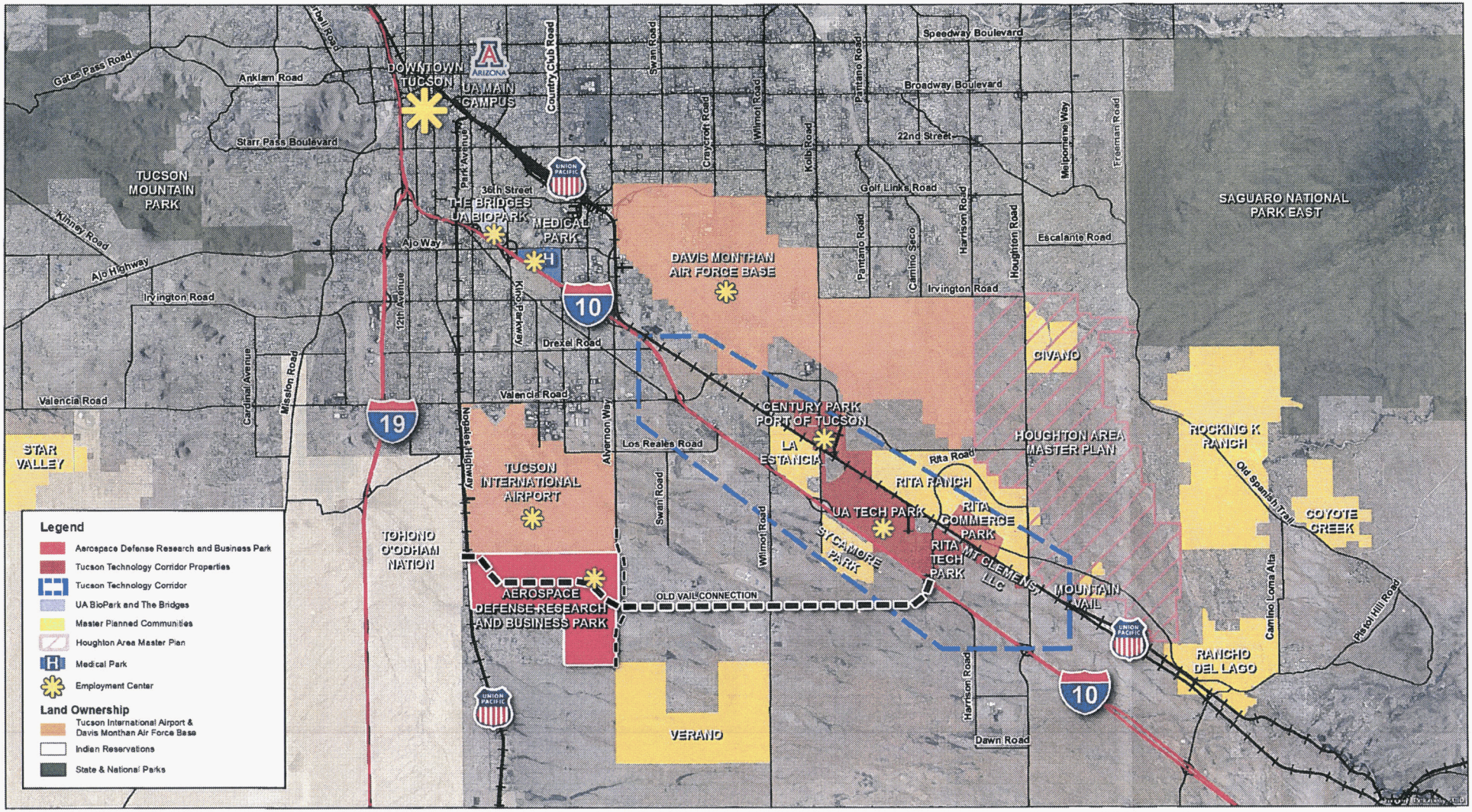
Conceptual plans developed through collaboration / consultation with

- Tucson Airport Authority
- Raytheon
- Bombardier
- Arizona State Land Department
- City of Tucson
- Town of Sahuarita
- TREO
- Pima Association of Governments / Regional Transportation Authority
- Arizona Department of Transportation
- 162nd Fighter Wing – Air National Guard
- Ascent Aviation
- Sargent Aerospace
- Port of Tucson
- Sunnyside and Sahuarita Unified School Districts
- Tohono O'odham Nation
- Joint Planning Advisory Council (PAG – MAG – CAG)
- University of Arizona Aerospace/Defense/Homeland Security Institute
- Santa Cruz County Port Authority – Fresh Produce Association
- GTR Global Industrial Aerospace Park

Appendix "D"

October 1, 2013 Motion for Extension
Red Rock Utilities, L.L.C.
Docket No. WS-04245A-07-0363

REGIONAL CONTEXT



AEROSPACE DEFENSE RESEARCH AND BUSINESS PARK

0' 1.75 MI

SCALE 1" = 1.75 MILES

NORTH

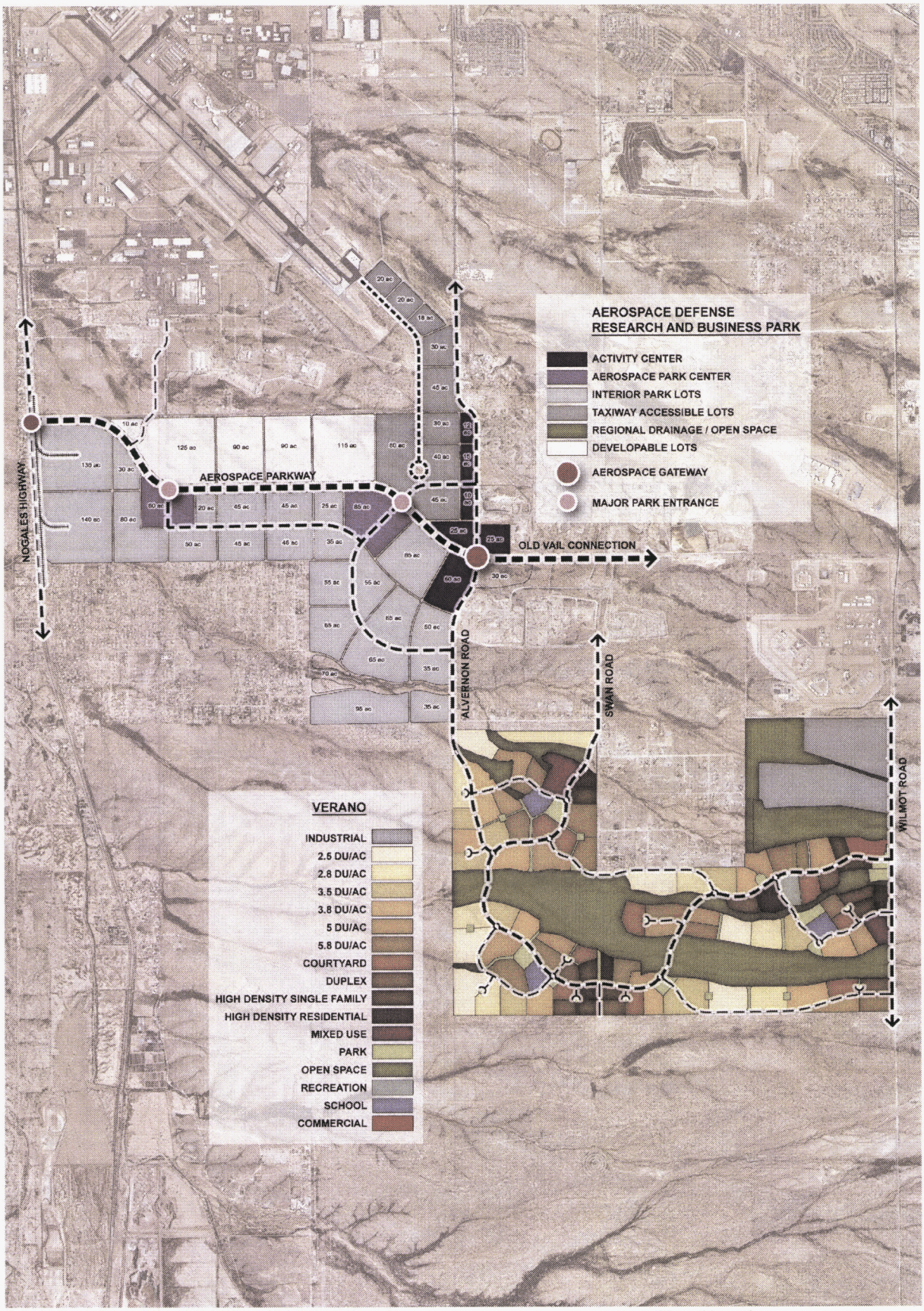
PROJECT PCO-11 DATE 10/01/12
FILE NAME Aerospace Regional Aerial_11x17.mxd

THE PLANNING CENTER
a division of TPC Group, Inc.
110 Lincoln Ste 6320 Tucson az 85701

Appendix "E"

October 1, 2013 Motion for Extension
Red Rock Utilities, L.L.C.
Docket No. WS-04245A-07-0363

VERANO & AEROSPACE RESEARCH PARK CONTEXT MAP (B)



VERANO

0' 1500' 3000'

SCALE: 1"=3000'-0"

PROJECT: DVI-62 DATE: 11/01/12

FILE NAME: FIG 14(FOR CUTSHEET)_20100330.DWG

THE PLANNING CENTER

Appendix "F"

October 1, 2013 Motion for Extension
Red Rock Utilities, L.L.C.
Docket No. WS-04245A-07-0363

DIAMOND
VENTURES

September 30, 2013

Lawrence V. Robertson, Jr.
Attorney-At-Law
P.O. Box 1448
Tubac, Arizona 85646

Re: Red Rock Utilities, LLC
Docket No. WS-04245A-07-0363
Decision No. 72532

Dear Mr. Robertson:

This letter is written in support of the Motion For Further Extension of Compliance Filing Date Deadline ("Motion") that Red Rock Utilities, LLC ("Red Rock") intends to file in the above-referenced docket by means of which Red Rock will request a two (2)-year extension of the current date for filing an Approval To Construct ("ATC") for Phase 1 of the Verano Master-Planned Community. The current deadline for filing this ATC with the Arizona Corporation Commission ("ACC") is December 4, 2013.

South Wilmot Land Investors, LLC ("SWLI") is the developer of the Verano Master-Planned Community. SWLI has had an opportunity to review the Motion which Red Rock intends to file with the ACC; and, SWLI hereby confirms the correctness and completeness of the Motion's description of (i) water system infrastructure installed by Red Rock since August 2011 which will be used to serve Phase I of the Verano Master-Planned Community, and (ii) Red Rock's and SWLI's participation in the "Aerospace and Defense Corridor Economic Development Initiative," which implicates SWLI's timeline for development of Phase I.

In addition, by means of this letter in support of the Motion, SWLI also wishes to reiterate its desire that Red Rock be the authorized provider of potable water service to and within the Verano Master-Planned Community. Please let me know if you have any questions regarding the above or would like additional information.

Sincerely,

South Wilmot Land Investors, LLC,
an Arizona limited liability company

By: DVI Wilmot Investors, LLC
an Arizona limited liability company

By: Diamond Ventures, Inc.
Its: Manager

By: _____
Name: DAVID GOLDSTEIN
Its: PRESIDENT

2200 EAST RIVER ROAD SUITE 115 TUCSON, ARIZONA 85718-6586
520/577-0200 phone • 520/299-5602 fax • www.diamond-ventures.com