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DESERT VALENCIA WATER, INC.
2000 FOREST HILLS RD.
PRESCOTT, ARIZONA 86303

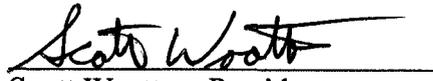
September 26, 2013

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

RE: Docket No: W-02059A-11-0172 and W-20801A-11-0172

Attached is Proof of Ownership of the Water Rights from WMIDD to Desert Valencia Water, Inc.

This Proof is being sent to demonstrate compliance with Decision No. 73785, dated March 21, 2013.



Scott Wootton, President

Arizona Corporation Commission

DOCKETED

OCT 16 2013

DOCKETED BY 

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

2013 OCT 16 A 11: 01

RECEIVED

Docket #:

W-02059A-11-0172

W-20801A-11-0172

CONTRACT
FOR DOMESTIC WATER BETWEEN
WELLTON-MOHAWK IRRIGATION AND DRAINAGE DISTRICT

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AND

DESERT VALENCIA WATER, INC.

REG. CORP. COMMISSION
DOCKET CONTROL

No. 2013-22-8-16-262

THIS CONTRACT, made this 5th day of September, 2013, between WELLTON-MOHAWK IRRIGATION AND DRAINAGE DISTRICT, an Arizona municipal corporation, hereinafter referred to as "DISTRICT", and DESERT VALENCIA WATER, INC. an Arizona Corporation, hereinafter referred to as "DESERT VALENCIA", replaces all previous contracts between the parties and supersedes and replaces contract dated January 26, 2006, between the DISTRICT and W.M. Wootton.

DISTRICT and the United States of America, on March 4, 1952, entered into a contract entitled "Contract With Wellton-Mohawk Irrigation and Drainage District for Construction of Works and For Delivery of Water", bearing symbol and number Ilr-1591, which contract has been supplemented and amended by numerous contracts, all of which have been consolidated in the Amendatory and Supplemental Consolidated Contract No. 1-07-30-W0021 dated July 17, 1981, hereinafter referred to as the "1981 Consolidated Contract."

Article 6(b) of the 1981 Consolidated Contract permits DISTRICT to contract to supply and deliver for domestic use within its exterior boundary a portion of the water available to DISTRICT.

DESERT VALENCIA desires to enter into a new contract with DISTRICT whereby DISTRICT shall furnish water in an amount not to exceed 250 acre-feet per calendar year, to DESERT VALENCIA for general domestic purposes for a residential community. A description of DESERT VALENCIA's proposed service area is as follows:

- The E 1/2 of the SE 1/4 of Section 21, T8S, R16W, G&SRB&M, Yuma County, Arizona; and,
- The SW 1/4 of Section 22, T8S, R16W, G&SRB&M, Yuma County, Arizona.

A plat of the above described area, hereinafter referred to as the "service area" is attached hereto, marked as Exhibit "A", and by this reference is made a part hereof for purposes of clarification. DISTRICT shall furnish this water subject to the terms and conditions of this contract which is specifically subject to the 1981 Consolidated Contract above referred to and all amendments heretofore or hereafter made thereto.

In consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

1 1. Definitions.
2

3 a) The Colorado River Compact, herein referred to, is the compact or agreement
4 signed at Santa Fe, New Mexico, November 24, 1922, pursuant to an act of Congress
5 approved August 19, 1921, entitled "An Act to Permit a Compact or Agreement between the
6 States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming,
7 Respecting the Disposition and Apportionment of the Waters of the Colorado River, and for
8 Other Purposes", which Compact was approved in Section 13(a) of the Boulder Canyon
9 Project Act.

10
11 b) The term "domestic", as used in this contract, shall include water uses defined as
12 "domestic" in the Colorado River Compact.

13
14 c) References to concurrence, approval, or action by "the United States" hereinafter
15 shall mean the Secretary of the Interior, his or her duly appointed successor, or his or her
16 authorized representative in the person of the Regional Director, Lower Colorado Region,
17 Bureau of Reclamation.

18
19 2. Delivery of Water by DISTRICT.
20

21 To provide water exclusively for domestic use, DISTRICT, from waters available to it,
22 subject to all the terms and conditions of the 1981 Consolidated Contract, and subject to the
23 availability of such water for use in Arizona under the terms of the Colorado River Compact
24 and the Boulder Canyon Project Act, will deliver to DESERT VALENCIA at Mile 19.8 (left), at
25 Mile 20.3 (left), and/or at such other points as deemed necessary or convenient on
26 DISTRICT's Mohawk Canal, at a rate not to exceed two and one-half (2.5) cubic feet per
27 second, such quantities of water as may be necessary to supply DESERT VALENCIA's needs
28 on lands described herein which are within the exterior boundaries of DISTRICT, except that
29 the total quantity including all other waters diverted from DISTRICT's system, or by any water
30 company, or other person, firm or corporation for use by DESERT VALENCIA for domestic
31 purposes, shall not exceed 250 acre feet per calendar year, subject to 17 (b), below.
32

33 3. Restrictions and/or Requirements on Use of Water by DESERT VALENCIA
34

35 a) No water shall be delivered by DESERT VALENCIA to a water user in
36 circumstances where the operations of the water user who is furnished water hereunder, or the
37 nature or purpose of use, or the method or place of disposal of such water contaminates or
38 pollutes the ground water underlying lands within DISTRICT or the water in the irrigation or
39 drainage works within DISTRICT, or the surface flow or underflow of the Gila River or the
40 Colorado River, all as determined in any instance by DISTRICT or the United States of
41 America. If DISTRICT or the United States of America determine such water contamination or
42 pollution is occurring or has occurred because of any of the circumstances specified above, it
43 shall notify the water user to correct the situation and to stop said contamination or pollution. If
44 the water user fails to do so, DISTRICT or the United States shall notify DESERT VALENCIA,
45 and DESERT VALENCIA shall thereupon terminate the supply or delivery of domestic water to
46 said user and shall not reinstitute such supply or delivery without the written approval of the
47 United States and DISTRICT.
48

1 b) DESERT VALENCIA shall make a written report to DISTRICT on or before
2 January 20th of each year, beginning January 20, 2014, on a form or forms satisfactory to
3 DISTRICT, covering, among other things, the quantities of water delivered during the
4 preceding calendar year by DESERT VALENCIA, the points of its delivery, the nature of the
5 use thereof, and its disposition and the quantity of return flow to the Colorado or Gila Rivers, if
6 any, and the points thereof.
7

8 c) The furnishing of water by DISTRICT hereunder does not constitute and shall not
9 be deemed to be, by implication or otherwise, the basis of a claim of a grant or a recognition of
10 a claim to a water right to DESERT VALENCIA or any of DESERT VALENCIA's users or any
11 commitment by the United States or DISTRICT to deliver water to DESERT VALENCIA.
12

13 d) This contract is expressly subordinate to all requirements for water for irrigation
14 use in DISTRICT and is specifically subject to the prior fulfillment of all contracts now or
15 hereafter made by the United States for the diversion of Colorado River water at Imperial Dam
16 or elsewhere and for delivery of such water through the Gila Gravity Main Canal or the All
17 American Canal for the irrigation of lands in the State of Arizona and for the delivery to
18 DISTRICT for any purpose whatsoever. It is the express understanding and agreement by
19 DESERT VALENCIA that this contract is subject to the condition that waters deliverable by the
20 United States shall be used first for river regulation, improvement of navigation, and flood
21 control; second, for irrigation and domestic uses and satisfaction of present perfected rights in
22 pursuance of Article 8 of the Colorado River Compact approved by Section 13(a) of the
23 Boulder Canyon Project Act; and third, for power. This contract is made upon the express
24 condition and with the express covenant that all rights hereunder shall be subject to and
25 controlled by the Colorado River Compact and that DISTRICT and DESERT VALENCIA shall
26 observe and be subject to and controlled by said Colorado River Compact and Boulder
27 Canyon Project Act in the construction, management, and operation of Hoover Dam, Lake
28 Mead, canals, and other works and the storage, diversion, delivery, and use of water to be
29 delivered to DESERT VALENCIA hereunder.
30

31 DESERT VALENCIA relieves and releases and shall hold DISTRICT and the United States
32 and their respective officers, agents, and employees harmless from every claim for damages
33 or other relief in the event the United States discontinues or reduces the amount of water
34 delivered to DISTRICT under the 1981 Consolidated Contract or in the event DISTRICT
35 discontinues or reduces the amount of water delivered to DESERT VALENCIA under this
36 contract or in the event DISTRICT, for any reason whatsoever, fails to furnish water to
37 DESERT VALENCIA. DESERT VALENCIA expressly relieves and releases and shall hold the
38 United States and DISTRICT and their respective officers, agents, and employees harmless
39 from every claim for damages or relief and from any liability or responsibility whatsoever for the
40 quantity, composition, or contents of the water so delivered or any lack of fitness of such water
41 for any use thereof, either at the point of delivery or thereafter.
42

43 4. Transfer of Interest in Contract. 44

45 It is mutually understood and agreed between the parties hereto that the rights of
46 DESERT VALENCIA under the terms of this contract shall not be transferable by DESERT
47 VALENCIA. However, DESERT VALENCIA may, with the written approval of DISTRICT and
48 the United States contained herein, assign their rights hereunder to a duly constituted public
49 utility holding a certificate of convenience and necessity authorizing it to distribute domestic

1 water in the area under the laws of the State of Arizona. Such assignment shall include the
2 right of resale for domestic use within the boundaries of DESERT VALENCIA's service area as
3 approved by DISTRICT. As a condition precedent to any such assignment, the assignee must
4 agree to assume, be bound by, and perform all provisions required of DESERT VALENCIA in
5 this contract. Any transfer attempted in violation of the terms of this article shall be null and
6 void. DESERT VALENCIA is not released of any of its obligations by such assignment. The
7 written approval for this assignment is not a continuing approval and each subsequent
8 assignment is subject to the approval of DISTRICT and the United States.

9
10 5. Delivery Facilities and Maintenance Thereof.

11
12 The installation of and type of facilities whereby water is delivered from DISTRICT
13 canals to DESERT VALENCIA including all metering devices, must be first approved in writing
14 by DISTRICT, and shall be installed by DISTRICT forces or a licensed contractor approved by
15 DISTRICT, all at the sole expense of DESERT VALENCIA. Such device shall be read and
16 maintained by DISTRICT at DISTRICT's expense.

17
18 6. Boundaries of DESERT VALENCIA Service Area.

19
20 In the event the boundary is enlarged from the service area described herein, DESERT
21 VALENCIA shall, prior to delivery of water to the enlarged area, submit to the DISTRICT and
22 the United States a legal description of such change with a copy of a notarized statement
23 attesting to same. All such boundaries must first be approved by DISTRICT and the
24 United States, which approval shall not be unreasonably withheld.

25
26 7. Charge for Delivery of Water.

27
28 The charges to be paid by DESERT VALENCIA to DISTRICT hereunder for operation
29 and maintenance of DISTRICT facilities used to deliver water to DESERT VALENCIA, and for
30 the water so delivered will be paid semi-annually on or before January 1, and July 1, of each
31 year for the preceding six month period. The price for calendar year 2013 is \$ 43.00 per
32 acre-foot, and is subject to yearly review and change by DISTRICT. Irrigable land within
33 DESERT VALENCIA's service area shall retain its legal right to irrigation pursuant to the 1981
34 Consolidated Contract and in accordance with rules established by DISTRICT from time to
35 time.

36
37 8. Water Not Transferable.

38
39 No water delivered hereunder for use by DESERT VALENCIA shall be sold, given, or
40 used for any purpose by or in any other city, town, or community exercising powers of local
41 self-government, whether incorporated or unincorporated, other than DESERT VALENCIA's
42 service area described herein and solely within these boundaries as approved by DISTRICT
43 and the United States as provided herein. Any changes in the boundaries must be first
44 approved by DISTRICT and the United States.

1 9. Refusal to Deliver Water in Case of Default.

2
3 DISTRICT reserves the right to refuse to deliver water hereunder in the event of default
4 for a period of more than sixty (60) days in any payment due or to become due DISTRICT
5 under this contract.
6

7
8 10. Right of Inspection.

9
10 DISTRICT or its representatives shall at all times have the right of ingress to and egress
11 from all works utilized by DESERT VALENCIA or by any other person, firm or corporation for
12 the diversion, processing, storage, and distribution of water delivered hereunder for the use by
13 DESERT VALENCIA for the purpose of inspection of such works and for all other proper
14 purposes. DISTRICT or its representatives shall also have free access at all reasonable times
15 to DESERT VALENCIA's books and records relating to the diversion, processing, storage, and
16 distribution of water delivered hereunder with the right, at any time during office hours to make
17 copies of or from the same. Except in an emergency, written notice shall be given in advance
18 of such inspection.
19

20 11. Rules and Regulations.

21
22 There is reserved to DISTRICT the right to prescribe and enforce rules and regulations
23 not inconsistent with this contract governing the delivery and diversion of water hereunder.
24 Such rules and regulations shall be promulgated, modified, revised, or extended from time to
25 time, after notice to DESERT VALENCIA, and an opportunity for its representative to be heard,
26 as may deemed proper, necessary, or desirable by DISTRICT to carry out the true intent and
27 meaning of the applicable laws and of this contract and amendments hereof and/or to protect
28 the interest of DISTRICT. DESERT VALENCIA hereby agrees that in the operation and
29 maintenance of the works for the diversion of water for use by DESERT VALENCIA and all
30 works appurtenant thereto or otherwise associated therewith, all such rules and regulations will
31 be fully adhered to.
32

33 12. Waiver Non-Exclusive.

34
35 Nothing in this contract shall be construed as in any manner abridging, limiting, or
36 depriving DISTRICT or DESERT VALENCIA of any means of enforcing any remedy, either at
37 law or in equity, for the breach of any of the provisions hereof which it would otherwise have.
38 The waiver of a breach of any of the provisions of this contract shall not be deemed to be a
39 waiver of any other provisions hereof, or of any other or subsequent breach of any provision
40 hereof.
41

42 13. No Solicitation.

43
44 DESERT VALENCIA warrants that no person or agency has been employed or retained
45 to solicit or secure this agreement upon an agreement or understanding for a commission,
46 percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide
47 established commercial agencies maintained by DESERT VALENCIA for the purpose of
48 securing business. For breach or violation of this warranty, DISTRICT shall have the right to
49 annul this agreement without liability, or in its discretion, to require DESERT VALENCIA to

1 pay, in addition to the contract price or consideration, the full amount of such commission,
2 percentage, brokerage, or contingent fee.

3
4 14. Equal Opportunity Clause.

5
6 DESERT VALENCIA will comply with all provisions of the Article 48 (a) through (g) of
7 the 1981 Consolidated Contract, as follows:
8

9 (a) The Contractor (DESERT VALENCIA) will not discriminate against any employee or
10 applicant for employment because of race, color, religion, sex, or national origin. The
11 Contractor will take affirmative action to ensure that applicants are employed, and that
12 employees are treated during employment, without regard to their race, color, religion, sex, or
13 national origin. Such action shall include, but not be limited to the following: Employment,
14 upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination;
15 rates of pay or other forms of compensation; and selection for training, including
16 apprenticeship. The Contractor agrees to post in conspicuous places, available to employees
17 and applicants for employment, notices to be provided by the Contracting Officer setting forth
18 the provisions of this nondiscrimination clause.
19

20 (b) The Contractor will, in all solicitations or advertisements for employees placed by or
21 on behalf of the Contractor, state that all qualified applicants will receive consideration for
22 employment without discrimination because of race, color, religion, sex, or national origin.
23

24 (c) The Contractor will send to each labor union or representative of workers with which
25 it has a collective bargaining agreement or other contract or understanding, a notice to be
26 provided by the Contracting Officer, advising the labor union or workers' representative of the
27 Contractor's commitments under Section 202 of Executive Order 11246 of September 24,
28 1965, and shall post copies of the notice in conspicuous places available to employees and
29 applicants for employment.
30

31 (d) The Contractor will comply with all provisions of Executive Order No. 11246 of
32 September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the
33 Secretary of Labor.
34

35 (e) The Contractor will furnish all information and reports required by said amended
36 Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or
37 pursuant thereto, and will permit access to his books, records, and accounts by the
38 Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain
39 compliance with such rules, regulations, and orders.
40

41 (f) In the event of the Contractor's noncompliance with the nondiscrimination clauses of
42 this contract or with any of the said rules, regulations, or orders, this contract may be
43 cancelled, terminated, or suspended, in whole or in part, and the Contractor may be declared
44 ineligible for further Government contracts in accordance with procedures authorized in said
45 amended Executive Order, and such other sanctions may be imposed and remedies invoked
46 as provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor,
47 or as otherwise provided by law.
48

1 (g) The Contractor will include the provisions of paragraphs (a) through (g) in every
2 subcontract or purchase order unless exempted by rules, regulations, or orders of the
3 Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that
4 such provisions will be binding upon each subcontractor or vendor. The Contractor will take
5 such action with respect to any subcontract or purchase order as may be directed by the
6 Secretary of Labor as a means of enforcing such provisions, including sanctions for
7 noncompliance. Provided, however, that in the event the Contractor becomes involved in, or is
8 threatened with, litigation with a subcontractor or vendor as a result of such direction, the
9 Contractor may request the United States to enter into such litigation to protect the interests of
10 the United States.

11
12 15. Civil Rights Provision.

13
14 DESERT VALENCIA hereby agrees to comply with Title VI (Section 601) of the Civil
15 Rights Act of July 2, 1964 (78 Stat. 241) and to be bound by the regulations of the Department
16 of the Interior as set forth in 43 CFR 17.

17
18 16. Reservation of Right to DISTRICT.

19
20 DISTRICT reserves the right to temporarily discontinue or reduce the amount of water
21 to be delivered hereunder whenever such discontinuance or reduction is made necessary for
22 purposes of investigations, inspections, replacements, maintenance, or repairs to any works
23 whatsoever affecting, utilizing or in the opinion of DISTRICT necessary for delivery of water
24 hereunder, it being understood that so far as feasible, DISTRICT will give reasonable notice in
25 advance of such temporary discontinuance or reduction.

26
27 17. Right of Termination or Review.

28
29 DISTRICT may terminate this contract upon (a) the breach of any term or condition
30 hereof by DESERT VALENCIA and failure by it to correct the same after ten (10) days, in the
31 case of the default in the payment of money, and after thirty days, in the case of all other
32 defaults, of written notice thereof to DESERT VALENCIA by DISTRICT, or (b) if DISTRICT
33 determines, in its sole discretion, that water deliverable hereunder has not been used and
34 DESERT VALENCIA has abandoned the use thereof. The latter includes the right of periodic
35 unilateral review of the total use of water by DESERT VALENCIA and modification of the total
36 quantity available for such use in accordance with actual demonstrated demand, or (c) if the
37 use of water by such residences creates a conflict with the agricultural practices in the area,
38 including but not limited to the proper use of pesticides or herbicides.

39
40 18. Contract Between DISTRICT and W.M. WOOTTON is Superseded and Replaced -
41 Permanent Water Service.

42
43 DESERT VALENCIA is a successor to W.M. WOOTTON. The contract supersedes and
44 replaces the contract executed on January 26, 2006, between DISTRICT and W.M.
45 WOOTTON. Subject to the terms, conditions, and provisions set forth herein and the contracts
46 affecting DISTRICT, this contract is for permanent water service.

1 19. Priority of Claims of DISTRICT.

2
3 Claims of DISTRICT arising out of this contract shall have priority over all others
4 secured or unsecured.

5
6 20. Approval by United States.

7
8 This contract must be approved in writing by the United States as a condition precedent
9 to becoming effective. Upon execution by both parties, this contract shall be submitted to the
10 United States for approval. Both parties understand and agree that this approval shall not
11 relieve DISTRICT of any obligation or duty assumed by it under the 1981 Consolidated
12 Contract, nor will such approval be deemed to constitute or imply any opinion of the
13 United States as to the merits of this contractual agreement, or any part thereof, nor constitute
14 DESERT VALENCIA a party to the 1981 Consolidated Contract or the holder of any right of
15 any kind thereunder against the United States for any purpose whatsoever.

16
17 Each of the foregoing provisions of this Article shall be applicable to any proposed
18 amendment to this contract.

19
20 IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed
21 the day and year first above written.

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ATTEST:

Clara K. [Signature]

WELLTON-MOHAWK IRRIGATION
AND DRAINAGE DISTRICT

By *[Signature]*
President

"DISTRICT"

DESERT VALENCIA WATER, INC.

[Signature]
Scott Wootton, President

"DESERT VALENCIA"

APPROVED this 5th day of September 2013

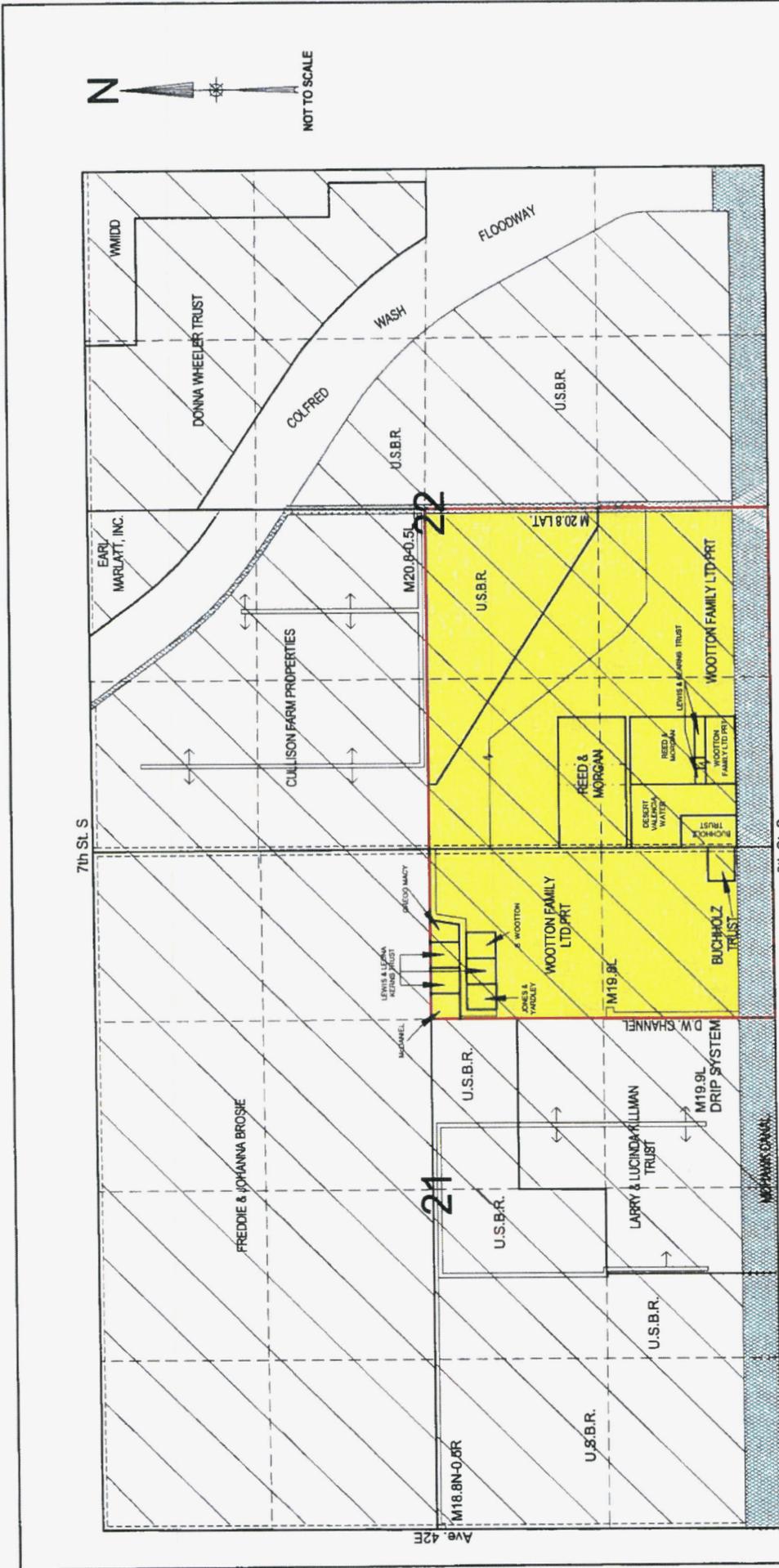
UNITED STATES OF AMERICA

By *[Signature]*
Regional Director, Lower Colorado
Region, Bureau of Reclamation

Legal Review and Approval by

[Signature]
Field Solicitor,
Boulder City, Nevada

EXHIBIT "A"



250 Acre/Feet Annually

DATE	04-14-2013
DRAWN BY:	S. DOOD
DRAWING NAME	DSR2VAL

DESERT VALENCIA SERVICE AREA
 SEC'S 21 & 22, T8S, R16W

WELLTON - MOHAWK
 IRRIGATION AND DRAINAGE DISTRICT
 30570 WELLTON-MOHAWK DRIVE, WELLTON, ARIZONA 85356
 TEL: (928)765-3351

WATER POWER