



MEMORANDUM

Date: February 4, 2022

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner 
Acting County Administrator

Re: **Additional Information on the Omni Tucson National Development Agreement**

On February 1, 2022 the Board of Supervisors considered and approved an amendment to the development agreement for Omni Tucson National. A request was made by Supervisor Scott for additional information on why it has taken so long for the golf course to begin using reclaimed water, and what plans are being, or may be, undertaken to expedite the use of reclaimed water for irrigating the golf course. The following information is provided in response to these questions.

In 2005, TNR&S Acquisition, Inc. as owner of Omni Tucson National Resort and Spa (developer) requested a rezoning on vacant parcels to include additional golf course facilities, residential development and resort expansion. The approved rezoning (Co9-03-23) carried a requirement to enter into a development agreement establishing responsibility for required infrastructure improvements such as expansion of the Riverpark (now The Loop) along the Canada del Oro Wash.

That development agreement, dated September 6, 2005, also contained an agreement for the developer to use reclaimed water if made available to the site. Section 2.5 of the agreement stipulated:

1. At the time, no reclaimed delivery system existed but it was contemplated that Metropolitan Water District (Metro) would construct a new reclaimed water line.
2. The developer agreed to purchase no less than 225 acre feet of the reclaimed water annually from Metro if the new line was constructed to the boundary of the property.
3. The developer's obligation to purchase and use reclaimed water would commence within 180 days of the completion of the new line to the boundary
4. Metro Water must offer the water at a rate equal to and not exceeding the following:
 - a. the prevailing environmental rate per acre foot charged to Metro by City of Tucson; or
 - b. the developer's pro rata share of maintenance costs for the new line; or
 - c. the developer's share of Metro's financing costs for construction of the new line provided that the County and developer share the capital costs equally and does not exceed \$1,000,000.
5. The developer shall be responsible for retrofitting its irrigation system to use the reclaimed water.

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Subsequent to the 2005 agreement, two amendments were adopted concerning the timing and design of the Riverpark.

By 2014, Metro Water had completed a new reclaimed water line and the developer was then obligated to purchase and use the water within 180 days. A third amendment to the Development agreement was adopted on October 21, 2014 to extend the commencement date for using reclaimed water to September 25, 2016, because the developer was in discussions with the Professional Golf Association (PGA) to host a Champions Tour Event in 2015 and 2016. The developer was also evaluating the renovation and expansion plans for the resort. Subsequent amendments 4 through 6, continued to extend the commencement date through September 25, 2020 at the request of the developer due to hosting of the PGA Tour.

The PGA Tour was held at the Tucson National golf course in March 2021, but an amendment to the agreement was not requested to extend the reclaimed water commencement date beyond the September 25, 2020 extension. In September 2021, Pima County was again approached about an extension. The stated reason was again the planned upgrades to the resort and hosting of the PGA Tour. The developer extension request included the indication that *"...we plan to start renovation of the resort which includes the planning and execution to allow us to purchase and use reclaimed water by end of 2023."*

The staff recommendation in support of an extension to December 31, 2023 took into consideration the time period from the previous expiration date, as well as the likely time frame necessary to design and construct the reclaimed connection amidst the planned resort renovations, normal resort and golf course operations and hosting of the PGA Tour in 2022 and 2023.

The attached letter to Omni Tucson National advises that Pima County will not consider any additional extensions to the requirement to complete the reclaimed water line connection and to commence using 225 acre feet of reclaimed water annually by December 31, 2023. The letter also notes that the County will pursue all means necessary, including legal action, to obtain compliance if the requirements are not met.

JKL

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Yves Khawam, PhD, Assistant County Administrator for Public Works
Carla Blackwell, Director, Development Services Department



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
115 N. CHURCH AVE., 2nd FLOOR, Suite 231, TUCSON, AZ 85701-1317
520-724-8661, FAX 520-724-8171

C.H. HUCKELBERRY
County Administrator

February 4, 2022

Mr. Leo Percopo
Vice President, Operations
Omni Hotels & Resorts

Sent via email: leo.percopo@omnihotels.com

Re: Omni Tucson National Development Agreement Requiring Use of Reclaimed Water

Dear Mr. Percopo:

On February 1, 2022 the Board of Supervisors approved an amendment to the development agreement as requested by Omni Tucson National to extend the date to connect a reclaimed water line and commence purchasing 225 acre feet of reclaimed water annually to December 31, 2023. During consideration of the item, Supervisors expressed concern about the extended amount of time that has passed without Omni Tucson National fulfilling its obligation to make the connection and commence use of reclaimed water for golf course irrigation.

Per the development agreement between Pima County and Omni Tucson Nation ownership, commencement of use of reclaimed water was required within 180 days of the Metropolitan Domestic Water Improvement District (Metro) completing construction of a reclaimed water line to the boundary of the Omni Tucson National property. The Metro water line was completed in 2014. Since then Pima County has granted five extensions to the development agreement specific to the requirement for Omni Tucson National to make the reclaimed water line connection and commence using reclaimed water.

Given the extended timeframe since the Metro reclaimed water line was constructed, and due to drought conditions that are present, and worsening, in the Pima County region and throughout the State of Arizona, Pima County will not consider any additional extensions to the requirement for Omni Tucson National to complete connection of the reclaimed water line and to commence using 225 acre feet of reclaimed water annually by December 31, 2023.

Mr. Leo Percopo

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Should these requirements not be met, Pima County will pursue all means necessary, including legal action, to obtain compliance.

Sincerely,

A handwritten signature in black ink, appearing to read "Jan Lesher". The signature is stylized and cursive.

Jan Lesher

Acting County Administrator

c: Carmine DeBonis Jr., Deputy County Administrator for Public Works
Yves Khawam, Assistant County Administrator for Public Works
Carla Blackwell, Director, Development Services Department