

## MANAGEMENT BOARD

### *Information Summary*

April 9, 2008

#### **Subject**

CAWCD ADD Water Stakeholder Process

#### **Policy Question**

The Central Arizona Water Conservation District (CAWCD) is initiating its *Acquisition, Development, and Delivery* (ADD) Water stakeholder process. What positions should AMWUA take in this process?

#### **Summary**

The CAWCD has proposed scheduling the first meeting of the *ADD Water* stakeholder process in May 2008. The *ADD Water* process identifies the problem to be addressed in this process as follows: “Long term water demands in CAP’s three-county service area are projected to exceed currently available supplies. A comprehensive strategy may be desirable for the acquisition and delivery of water to meet these future demands.” As stated by the *ADD Water* Project Team, the process will address the following question: “Assuming CAP is to be the primary entity that acquires, develops, and delivers new water supplies for its three-county service area, how should the water be shared and paid for?”

On May 9, 2007, the AMWUA Board of Directors adopted “Policies Concerning Sustainable Water Supplies.” Policy Number 5 states:

*Because new water supplies from outside the Active Management Areas (AMAs) will be necessary to accommodate growth while, at the same time, preserving the safe-yield goal of the AMAs, municipal water providers that have been designated as having an assured water supply and the Central Arizona Groundwater Replenishment District (CAGR) should have equal opportunity to purchase “new” water supplies through the CAWCD and use transportation capacity available in the CAP canal.”*

“A Conceptual Framework for the Next Bucket,” was approved by the AMWUA Board of Directors on April 26, 2006. This framework sets AMWUA’s goals and the principles to be followed when establishing a framework for developing future water supplies.

*April 9, 2008 – AMWUA Management Board Meeting (Agenda Item #6)*

The *ADD Water* stakeholder process has been identified as a mechanism through which AMWUA could pursue this policy initiative.

### **Considerations**

The CAWCD Strategic Plan adopted by the CAWCD Board of Directors in 2006 directed CAWCD staff to take “the lead role in developing a process that includes water user entities, CAGR, and ADWR to decide the ‘who, when, what, and how much’ questions” of the plan, with CAP, as owner/operator of the CAP system, as the lead agency.

Some AMWUA members have identified the need to acquire new water supplies. Currently, there are limited mechanisms to acquire such supplies. Most recently, some AMWUA members have enrolled in the CAGR as the means of demonstrating an assured water supply.

### **Prior Committee Action**

On April 26, 2006, the AMWUA Board of Directors approved “A Conceptual Framework for the Next Bucket.”

On May 9, 2007, the AMWUA Board of Directors adopted “Policies Concerning Sustainable Water Supplies.”

### **Recommendation**

The Board is asked to provide guidance regarding future policy direction as the CAWCD *ADD Water* stakeholder process begins to consider mechanisms for development of the Next Bucket.

### **Attachment**

“A Conceptual Framework for the Next Bucket” dated April 26, 2006

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION  
CONCEPTUAL FRAMEWORK  
FOR THE  
“NEXT BUCKET”**

**April 26, 2006**

**Goals:**

1. Work to attain the highest degree of intergovernmental cooperation possible in order to ensure that AMWUA members have reliable water supplies to meet their future individual needs.
2. Work collaboratively to maximize cooperation in acquiring new water supplies at a reasonable cost.
3. Maximize economies of scale and operational efficiencies in providing new water supplies.
4. Assure that a viable method is available to deliver new water supplies in the three-county service area of the CAP.

**Principles:**

1. AMWUA members will maintain independent authority and responsibility to own and operate their individual water and wastewater facilities.
2. Each AMWUA member will continue to maintain authority and control over its existing water supplies.
3. Wheeling capacity in the CAP aqueduct that has previously been “set aside” for AMWUA members will be protected.
4. Beneficiaries of new water supplies will pay on the basis of the benefits they receive.
5. Eligible parties, including CAGR, will have equal opportunity to purchase new water supplies and use transportation capacity.
6. Unlimited enrollment in the CAGR will be addressed.

## Concepts:

1. The Central Arizona Water Conservation District's (CAWCD) authority to purchase and import non-Central Arizona Project (CAP) water into the Phoenix, Tucson, and Pinal Active Management Areas (AMAs) to meet the replenishment obligations of the Central Arizona Groundwater Replenishment District (CAGRDR) will be expanded to include the authority to purchase and import non-CAP water to assist municipal water providers in the AMAs that have been designated as having an assured water supply (Designated Providers):
  - a. Maintain their designations of assured water supply.
  - b. Firm up existing water supplies.
  - c. Provide back up supplies for drought conditions.
2. All non-CAP water purchased and imported by CAWCD beyond the amount needed to meet the CAGRDR's projected replenishment obligation that is planned to be met with non-CAP water as set forth in the CAGRDR Plan of Operation for 2006-2015<sup>1</sup> (Additional Water) will be made available for purchase by and delivery to CAGRDR and Designated Providers on an equal footing. The CAGRDR and Designated Providers that choose to participate in acquiring Additional Water as outlined in these concepts will be known as Participants.
3. A Participant may acquire Additional Water from the CAWCD only by entering into a contract with the CAWCD under which the Participant will be required to:
  - a. Submit a schedule of the quantities of Additional Water desired (Schedule).
  - b. Make a financial "buy in" (e.g., capacity charge) for aqueduct capacity and expansion in proportion to the Participant's Schedule and delivery location.
  - c. Pay fixed OM&R costs associated with the acquisition of Additional Water in proportion to the Participant's Schedule.
4. Each Participant will pay for Additional Water acquired and the cost of delivery of Additional Water, including any costs associated with environmental compliance and necessary approvals by federal, state or local governments, in proportion to its Schedule and the cost of delivery.

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<sup>1</sup> Central Arizona Groundwater Replenishment District Plan of Operation, Submitted Draft, November 8, 2004, p. 1. Determined by the Director of the Arizona Department of Water Resources in a decision and order issued on October 31, 2005 to be consistent with achieving the management goals of the Phoenix, Pinal and Tucson Active Management Areas.

5. The delivery of Additional Water will not create a right or obligation for delivery through the CAP transportation system except as such right or obligation may be described in any contract for Additional Water.
6. A Participant that defaults on any contractual obligations or withdraws from the contract will forfeit any future right to the contract's benefits and any funds already paid in satisfaction of the contract. The revocation or termination of a designation of assured water supply for a Designated Provider is not a default. All existing Participants will have a first right of refusal to contract for the Additional Water that is the subject of the default. If existing Participants exercise a right of first refusal that exceeds the amount of Additional Water that is the subject of the default, the Additional Water will be prorated among those existing Participants.
7. A Designated Provider will continue to bear the responsibility for maintaining its designation of assured water supply.

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