

MANAGEMENT BOARD

Information Summary

April 8, 2009

Subject

Update on ADD Water and Access to Excess

Policy Questions

What policies should be adopted by the Central Arizona Water Conservation District (CAWCD) regarding distribution of excess Central Arizona Project water in order to meet future water management objectives?

How should new water supplies be developed, distributed, and financed?

What are AMWUA's positions in the CAWCD ADD Water Process?

Summary

The CAWCD has initiated two processes pertaining to development and allocation of future water supplies; 1) Access to Excess and 2) ADD Water. AMWUA representatives have been active in each process and have been working with AMWUA members to develop positions for each of these processes. This agenda item will provide the opportunity for the Board to provide guidance regarding these processes.

The CAWCD conducted a Customer and Stakeholder Workshop to develop policies pertaining to Access to Excess CAP Water on April 1, 2009. The purpose was to discuss planning assumptions and potential distribution alternatives relating to the future distribution of CAP water available for delivery in any given year that exceeds the amount of water delivered, pursuant to M&I and NIA subcontracts and Indian contracts (termed "Excess Water"). This discussion is timely because in 2009, for the first time, orders for excess CAP water exceeded the amount of excess water available. The CAWCD Board directed the CAWCD staff to propose a policy for future distribution of excess CAP water. The attached document: "Proposed Principles: CAP Excess Water Marketing" was developed by the Water Resources Advisory Group (WRAG) as a starting point for discussion of an Access to Excess policy.

The CAWCD ADD Water process has completed the third phase in its stakeholder participation process. The third phase focused on the generation of alternatives to be evaluated that will address the focus question: “Assuming CAWCD 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?” The ADD Water Project Team has been discussing the elements that must be addressed in the generation of alternative proposals. The WRAG and representatives of the City of Tucson have been meeting to identify an alternative that AMWUA and the City of Tucson could potentially support. Our meetings have resulted in several key ideas, including the following:

1. ADD Water supplies should be acquired, developed, and distributed by CAWCD in partnership with those entities that participate in financing the new water supplies ("Participants"). This partnership should be governed by a contractual relationship and a planning process between CAWCD and the Participants.
2. Allocations of ADD Water supplies and the necessary canal capacity to convey those supplies should be allocated based on each Participant's financial buy-in.
3. Add Water supplies will not be treated as CAP water. The capacity of the CAP canal should be expanded by approximately 400,000 acre-feet to make ADD Water supplies available. This is necessary to make ADD Water supplies reliable.
4. Some of the expanded canal capacity should be reserved for future Participants. Future Participants will be required to reimburse initial Participants for their share of the expanded canal capacity.
5. Any municipal, industrial or agricultural user in the three-county CAP service area should be allowed to make the required financial buy-in to participate in receiving ADD Water supplies. CAGR's needs would be met with the existing canal capacity.

Considerations

The Access to Excess and ADD Water processes are important steps in defining how future water supplies will be acquired and distributed.

The Arizona Water Bank uses excess CAP water to meet its Indian Firming, interstate banking, drought supply, and water management obligations. CAGR uses excess CAP water to meet its replenishment and replenishment reserve obligations. AMWUA members use excess CAP water to serve raw water users, supplement water supplies, and as a source for recharge. Excess CAP water is a variable supply that may not be available in times of shortage.

Prior Committee Action

In April 2006, the AMWUA Board of Directors adopted the “Conceptual Framework for the ‘Next Bucket.’” This policy statement has been used as the direction to be followed in subsequent discussions of new water supply development.

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In February 2008, the Central Arizona Water Conservation District (CAWCD) began its stakeholder participation process. Updates on the process have been included as part of AMWUA Management Board and AMWUA Board of Directors agendas since the initiation of the process.

In February 2009, the AMWUA Management Board and AMWUA Board of Directors were asked to provide guidance on the “Potential Table of ADD Water Elements” and direction regarding discussions in the ADD Water stakeholder process.

In March 2009, the AMWUA Management Board and AMWUA Board of Directors were provided updates on both the ADD Water and Access to Excess processes.

Recommendation

This agenda item is to provide a status report on the progress of the ADD Water and Access to Excess stakeholder processes. The Board is asked to provide guidance on these processes.

Attachment

“Proposed Principles: CAP Excess Water Marketing” dated 03/30/09.