



ARIZONA
DEPARTMENT
OF WATER
RESOURCES

Rose Mofford, Governor
N. W. Plummer
Director

January 7, 1991

15 South 15th Avenue
Phoenix, Arizona 85003

The Honorable Manuel Lujan, Jr.
Secretary of the Interior
Interior Building
Washington, D.C. 20240

Dear Secretary Lujan:

On February 10, 1983, then Secretary of the Interior, James Watt, signed a record of decision making the final water allocations of Central Arizona Project (CAP) water to Indian and non-Indian water users. That decision, for the most part, followed the recommendations for allocations to non-Indian users made by the Arizona Department of Water Resources (Department) in a letter from Wesley Steiner to Secretary Watt dated January 18, 1982.

One of the conditions of the 1983 decision was that, after the expiration of the initial contracting period, the Department would be asked to recommend reallocation of any remaining M&I and non-Indian agricultural water not contracted for during the initial contracting period. The Salt River Pima-Maricopa Indian Community Water Rights Settlement Act of 1988 directed the Secretary of the Interior (Secretary), within 30 days of enactment, to request that the Department make its recommendation on reallocation of non-Indian agricultural water, and within 180 days after receiving the recommendation to complete the reallocation. In a letter dated December 28, 1988, the Bureau of Reclamation requested the Department to recommend a reallocation. The purpose of this letter is to comply with that request.

The reallocation recommendations contained herein are consistent with the 1983 allocation decision and article 4.13 of the subcontracts for CAP non-Indian agricultural water.

The process used to develop the recommended reallocation amounts included input from affected parties. Alternative methodologies were developed and distributed and both written comments and oral comments at public meetings were solicited. Opportunities were afforded for entities not included in the 1983 allocation to be considered.

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The original allocation of CAP non-Indian agricultural water was made to 23 different entities. Of these, 10 have entered into subcontracts for the supply. One entity, San Carlos Irrigation and Drainage District, has not yet been offered a subcontract and one, Farmers Investment Co., has been granted an extension to the deadline for signing. Of the remaining entities, ten declined the offer to subcontract and one was found not to have any eligible lands.

The recommended reallocation of CAP non-Indian agricultural water supplies is to areas experiencing regional groundwater overdraft. It is based on total eligible acres in each subcontractor's service area, adjusted to account for other water supplies available to the subcontractor. The effect of this is to allocate CAP supplies proportionately to all subcontractors based on a uniform water demand by each eligible acre which does not already have another water supply. Further adjustments to allocated amounts were made to compensate for contractual commitments to those subcontractors which would receive less under the reallocation than the current subcontract entitlements.

Subcontracts have been signed for 70.7% of the available non-Indian agricultural supply. This reallocation is a distribution of the remaining uncontracted supply. Because of differences in eligible acres from the original allocation base, the increase in each existing subcontractor's entitlement varies.

The Department recommends that:

1. Entitlements contained in article 4.13(a) of all existing non-Indian agricultural subcontracts be adjusted pursuant to article 4.13(b) as follows:

<u>Subcontractor</u>	<u>Existing Entitlement (Percent)</u>	<u>Proposed New Entitlement (Percent)</u>
Central Arizona I.D.D.	18.01	22.74
Chandler Heights Citrus I.D.	0.28	0.30
Harquahala Valley I.D.	7.67	8.73
Hohokam I.D.	6.36	6.97
Maricopa-Stanfield I.D.D.	20.48	22.75
New Magma I.D.D.	4.34	7.23
Queen Creek I.D.	4.83	4.83
Roosevelt W.C.D.	5.98	6.33
San Tan I.D.	0.77	0.77
Tonopah I.D.	1.98	1.98

2. Entitlements for entities which received original allocations but the contracting deadlines have not been imposed be adjusted as follows:

<u>Subcontractor</u>	<u>Original Entitlement (Percent)</u>	<u>Adjusted Entitlement (Percent)</u>
Farmers Investment Co.	1.39	1.64
San Carlos I.D.D.	4.09	6.84

3. New subcontracts be offered with the indicated entitlements to:

<u>Subcontractor</u>	<u>Entitlement</u>
Arizona State Land Department	
Lease #01-00694 (Picacho Pecans)	0.54
Lease #01-077685 (Aguirre)	0.11
McMullen Valley W.C.D.D.	3.17
Roosevelt I.D.	5.07

4. No subcontract be offered to an entity in Recommendation No. 3 above unless within one year from your decision on allocations the entity provides the following:
- Demonstration to the satisfaction of both the Secretary and Department that it is economically feasible to distribute CAP water for agricultural production to the eligible lands in the entity's leasehold or service area and there is no impediment to any necessary exchange agreements.
 - A commitment to relinquish any allocation of "Hoover B" electric power.
 - Demonstration to the satisfaction of the Secretary and the Department that there will be in place provisions to comply with Section 304(c) (1) of Public Law 90-537 for any entity located outside of an existing Active Management Area or Irrigation Non-expansion Area.
5. A determination of eligible acres be made before a subcontract is offered to an entity in Recommendation No. 3 above and the allocation adjusted, if necessary, in a manner consistent with the methodology used by the Department in this recommended reallocation.

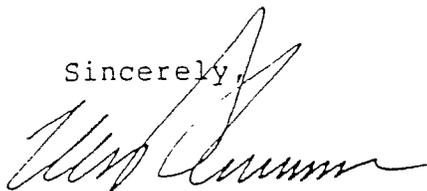
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6. Once the record of decision is made, the adjustments to existing subcontractors' entitlements be completed in 6 months. New subcontracts should be executed within 6 months after the requirements of Recommendation No. 4 have been completed.
7. If any of the allottees decides on a lesser entitlement than the amount recommended, or that it does not want to subcontract, then all remaining entities' entitlements should be increased in a manner consistent with the methodology used by the Department in this recommended reallocation.

A number of important issues had to be considered in making the recommendation. This recommendation will be supplemented by a report, "Arizona Department of Water Resources Recommendation to the Secretary of the Interior on Reallocation of Central Arizona Project Non-Indian Agricultural Water, January 1991," which will be transmitted to you by January 15, 1991. This report will further explain the methodologies used to calculate the entitlements, discuss the factors considered in the recommendations for new entities and respond to comments received.

If there is anything we can do to assist you in this matter, please call on us.

Sincerely,



N.W. Plummer
Director

NWP/CLL/meh

c: Honorable Rose Mofford, Governor of State of Arizona
Dennis Underwood, Commissioner, U.S. Bureau of Reclamation
Ed Hallenbeck, Regional Director
Lower Colorado Regional Office
Bob Towles, Project Manager, Arizona Projects Office
Tom Clark, General Manager, Central Arizona Project