

Pima County Water Storage Funds



February 14, 2011

State Demo Program

- Purpose: Store excess CAP water for M&I firming & replenishment
 - Construct recharge projects
 - Store excess water for M&I firming
 - CAGR D use of recharge facilities
- Funding source: 4¢ tax (1992-96)

State Demo Fund Uses

“The fund shall be used to pay the capital, operation, maintenance and other costs, including the costs of excess central Arizona project water, of state demonstration projects constructed by the conservation district pursuant to this article.”

A.R.S. § 45-897.01(B)

New Funds for TAMA

- Total of \$7.73M available
 - Proceeds from sale of Avra Valley Recharge Project (\$1.73M)
 - Funds dedicated by CAP under Tucson-area reliability agreement (\$6M)

Tucson Reliability

- Tucson reliability agreement dedicates \$6M for use in TAMA to:
 - Firm CAP M&I entitlements
 - Increase underground storage capacity
 - Other purposes consistent with state demo program

State Demo – PHX AMA

- State Demo funds were used to construct recharge projects and store excess CAP water
- Proceeds from the sale of recharge capacity at HMRP & AFRP were used to add new recharge capacity
- After all State Demo funds and sale proceeds were exhausted, CAP used property taxes to complete SMRP & TDRP
- All recharge capital charges collected by CAP are now used to reimburse property taxes

State Demo – TAMA

- State Demo funds were used to construct recharge projects
- After construction of PMRRP, AVRP & LSCR, \$209,000 remained in TAMA State Demo fund
 - Used to buy water for M&I firming
- Recharge capital charges collected by CAP were not needed for recharge construction
 - Used to buy water for M&I firming

Pima Mine Rd Upgrade

- CAP share of PMRRP upgrade \approx \$1.7M
- CAP financial documents assumed AVRPP proceeds would cover cost of PMRRP upgrade
 - Budget
 - Long-range financial plan
 - Rate setting process
 - Reserve forecasts
- CAP Board not asked to apply recharge capital charges to recharge project construction

Options for \$7.73M

- Consistent with purposes of State Demo program and Tucson reliability agreement, funds should be used either to add recharge capacity or buy water for M&I firming
- Primary use of State Demo funds has been to construct recharge projects
- Funds used to buy water for M&I firming when not needed for recharge construction

Staff Recommendation

1. Pay for PMRRP upgrade (\approx \$1.7M)
2. Expand recharge capacity at/near LSCRPP
 - Upgrade conveyance facilities (\$1.9M-\$5.0M)
 - Develop effluent recharge project (\$5.5M-\$6.0M)
3. Use any remaining funds to buy excess CAP water for M&I firming
 - Estimated \$52M shortfall in AWBA funding from 4¢ tax revenues to meet TAMA firming goal