

Arizona Department of Water Resources
GROUNDWATER USERS ADVISORY COUNCIL
Tucson Active Management Area
Kenneth Seasholes, Area Director



DEE T. O'NEILL
Chair

DAVID MODEER
Vice-Chair

JOHN MAWHINNEY

JON POST

CHUCK SWEET

Minutes
June 15, 2004

Members Present:

Dee O'Neill, Chair
Chuck Sweet, Vice Chair
John Mawhinney

Staff Present:

Cindy Shimokusu, Area Director
Kenneth Seasholes, Assistant Area Director
Mary Bauer
Laura Grignano

Others:

Janet Lea Carr, SAWUA
Mark Cross, E.L. Montgomery & Assoc., Inc.
Alan Forrest, Oro Valley Water Utility
Arturo Gabaldon, Community Water Co.
Eric Holler, US Bureau of Reclamation
Kathy Jacobs, UA Water Resources Research Center
Karen LaMartina, Tucson Water
Ries Lindley, Tucson Water
Val Little, Water CASA
Cliff Neal, CAGR
Jim Peterson, Oro Valley
Frank Postillion, Consultant
Warren Tenney, Metro Water District
Tim Thomure, Tucson Water
Kristine Uhlman, University of Arizona
B.J. Voelkel, Pima County Wastewater Mgmt.
Kristen Whatley, Westland Resources
Kristen Zimmerman, Pima Assoc. of Governments

I. Call to Order

Chairperson Dee O'Neill called the meeting to order at 8:35A.M. Introductions were made.

II. Central Arizona Groundwater Replenishment District (CAGRD) Plan of Operation

Cliff Neal, Manager of the CAGRD, distributed the CAGRD Plan of Operation – Revised Conceptual Plan, which replaces the original Conceptual Plan of December 2003. The purpose of the Conceptual Plan is to assist in developing a new Plan of Operation for the CAGRD, which is required by statute. The Director of the Arizona Department of Water Resources (ADWR) determines if the Plan is consistent with the goals of the Active Management Areas (AMAs). The original Plan of Operation was submitted in 1994 and CAGRD has been operating under it since 1995. The new Plan will be submitted at the end of 2004 for the Director's determination.

A stakeholder working group was formed that worked many hours to produce the proposed Conceptual Plan. The Plan will be effective through 2015 with new statutes in place that allow ADWR and CAGRD to revise the plan before 2015 if need be.

The two types of memberships in the CAGRD are Member Service Areas and Member Lands. If a water provider decides to seek an Assured Water Supply Designation from ADWR, it can meet some of the AWS requirements by enrolling the entire service area as a Member Service Area. If the water provider chooses not to seek a Designation, each subdivision is required to seek its own Certificate of Assured Water Supply, and may meet some of the Certificate requirements by enrolling the lots as Member Lands.

The CAGRD has 21 Member Service Areas enrolled. It is projected that 340,000 new homes will enroll as Member Lands by 2015. At build-out, the projected replenishment obligation for CAGRD Members will be 227,000 acre-feet/year. Only 26,000-27,000 acre-feet of the obligation will occur in the Tucson AMA with most of the remaining obligation in the Phoenix AMA. These obligations are based on the assumption that water providers will utilize renewable supplies available to them before relying on the services of the CAGRD.

The original Plan of Operation assumed all excess CAP water would be used to meet replenishment obligations, which has been the case. After long-term contracts, subcontracts and Ag pool commitments are met, it is projected that no excess CAP water will be available to CAGRD and other excess water customers by 2020. Therefore, CAGRD cannot rely solely on excess CAP water for the Plan of Operation and proposes to identify and acquire rights to additional water supplies to meet its replenishment obligations. The proposed supplies to be acquired are CAP M&I transfers, reclaimed effluent, CAP Indian leases, on-River supplies, and imported groundwater. Although CAP Non-Indian Agricultural water is not quantified in the supplies that are proposed, CAGRD understands this source is not prohibited and intends to apply for an allocation during the allocation process.

Based on the water supply acquisition plan, fifty percent of replenishment obligations would be satisfied using long-term water rights, the remaining by short-term water rights. It is projected the acquisition plan will cost more than \$260 million over the next 20-25

years and will be funded through a combination of annual rates, activation fees and enrollment fees.

CAGRDR is required to establish a replenishment reserve of long-term storage credits should it not have enough water in the future to meet its replenishment obligation. The target volume of credits to be stored in the replenishment reserve is defined in statute as twenty times the CAGRDR's total projected annual replenishment obligations that will not be met using water rights held by CAGRDR that meet Assured Water Supply criteria. CAGRDR will be seeking new legislation to clarify that new water supplies not assured for 100 years can also count toward reducing the reserve target requirement. If this assumption is made, the projected replenishment reserve target would be 1,613,000 acre-feet over a 25-30 year period. If CAGRDR didn't seek any long-term supplies, this reserve target would be significantly larger. The stakeholder working group has recommended that CAWCD use existing credits already stored to offset CAGRDR's replenishment reserve needs. Accounting procedures would have to be worked out due to the credits being in different AMAs.

A change in statute is being sought that would eliminate the five percent cut to the aquifer requirement for CAGRDR. The reason for this change is that it would reduce CAGRDR's need to purchase new water supplies to meet its replenishment obligations. The cut to the aquifer accounts for water supplies that are stored and earn long-term storage credits. The working group felt CAGRDR should be treated the same as annual storage and recovery water, which is not assessed at five percent cut to the aquifer, because anytime CAGRDR uses the replenishment reserve, that water must be replaced when supplies are available.

The Draft Plan of Operation will be distributed to the CAWCD Board of Directors and interested parties for review and comment in early August 2004. Between August and the time the Plan is adopted, CAGRDR plans to hold a public meeting in each AMA. In addition, once the Plan is submitted to ADWR, it is required by statute to hold public hearings in each AMA. For additional information, visit CAGRDR's website at www.cagrdr.com.

III. Approval of Minutes

Jon Post made a motion to approve the minutes of May 12, 2004. Chuck Sweet seconded the motion. The minutes were unanimously approved.

IV. Update on Institutional Policy Advisory Group (IPAG) Consideration of AWBA Firming Storage as a Water Management Benefit

Kenneth Seasholes, Assistant Area Director of the TAMA, reported the IPAG recently convened to discuss the merits of the Arizona Water Banking Authority (AWBA) using withdrawals fees for firming Municipal and Industrial (M&I) CAP subcontracts. This would provide a management benefit to the Tucson AMA by reducing further dependence on groundwater to make up for the projected shortfall in recharge credits generated by the 4-cent ad valorem tax.

The group agrees the withdrawal fees should be used for firming, but key issues that are still being worked through are consideration of the recharge recovery infrastructure, the size of M&I subcontracts, and cost of credits. Also being discussed are the relative merits of using Groundwater Saving Facilities (GSF) as a way of stretching the available funds, because it is less expensive to store at a GSF than a direct recharge facility; therefore, more credits are generated for the same amount of money.

There is definite recognition from all the IPAG members that since Tucson Water is the largest CAP subcontractor, the largest block of credits will need to be available to them in times of shortage and outage on the CAP system. There is a great deal of interest in recovery planning in the Tucson AMA, but many of the subcontractors are uncertain how they will use their subcontracts.

A subsequent meeting of the IPAG is scheduled for June 25, 2004 at 11:00 a.m. to work on reconciliation of these differences. The IPAG plans to come back with language for the GUAC to forward to the AWBA. The intent is to convey that the withdrawal fees be targeted for firming M&I CAP subcontracts to provide a water management benefit to the Tucson AMA and a formal policy be adopted committing those credits to the Tucson AMA and that they not be used for other purposes.

V. Update on Well Spacing and Impact Rule Development

Due to Jeff Tannler attending meetings in Phoenix, Cindy Shimokusu gave his update. The Well Rule Development Team is continuing to work on developing issue statements and crafting a letter to solicit participation in a stakeholders working group.

VI. Area Director's Report

Ms. Shimokusu reported that the Arizona Supreme Court unanimously ruled in favor of ADWR in response to the lawsuit filed by Arizona Water Company that challenged ADWR's Gallons per Capita per Day (GPCD) Municipal Conservation Program. The Court also ruled that ADWR could figure CAP water within its GPCD calculations. ADWR will need to look at how it will revamp the program, since staff had been reassigned to various other projects pending the outcome of the lawsuit, and decide what possible changes could be made to improve it.

Ms. Shimokusu also reported that the Recharge Application Guides have been completed and distribution will occur soon.

VII. Public Comment

John Mawhinney reported he had recently read a report on municipal water use measurements in western states, and it identified the Tucson area as having one of the best GPCD programs but reported Tucson Water as having the highest unaccounted water losses. Mr. Mawhinney didn't have the report with him; therefore, he could not identify the author but thought Tucson Water could verify if the report is accurate and, if so, how it will respond to it.

Mr. Mawhinney mentioned that every year the Tucson AMA is allocated a certain amount of inexpensive Non-Indian Agricultural (NIA) water. Last year the Tucson AMA returned 90 percent of this water for use by either the Phoenix or Pinal AMAs. Mr. Mawhinney feels Tucson should figure out how to use as much allocated NIA water as possible.

Mr. Mawhinney continued by saying the Third Management Plan (TMP) predicted safe-yield was not going to be met. He suggested that the GUAC be given an update on the state of the AMA so that possible changes can be ascertained in order to reach safe-yield. Ms. Shimokusu responded by stating this request would require quite a bit of data analysis, but it could be worked on as a long-term project.

VII. Date and Agenda for Next Meeting

The next meeting of the GUAC will be held on Tuesday, August 10, 2004 at 8:30 a.m.

IX. Adjournment

The meeting was adjourned at 10:10 a.m.