MODIFICATIONS TO THE THIRD MANAGEMENT PLAN

2000 – 2010

PRESCOTT
ACTIVE MANAGEMENT AREA

ARIZONA DEPARTMENT OF WATER RESOURCES

APRIL, 2003

MODIFICATIONS TO CHAPTER 4,

AGRICULTURAL CONSERVATION PROGRAM

THIRD MANAGEMENT PLAN

PRESCOTT ACTIVE MANAGEMENT AREA

Chapter 4, "Agricultural Conservation Program," of the management plan for the Prescott Active Management Area for the third management period is replaced with the following Chapter 4.

4.1 INTRODUCTION

The Agricultural Conservation Program for the Third Management Plan has been developed to contribute to the achievement of the safe-yield goal by the year 2025 for the Prescott Active Management Area (AMA). The agricultural sector's contribution to meeting the Prescott AMA's safe-yield goal is expected to come from a combination of improved on-farm water management practices, the use of renewable water supplies, and the reduction of irrigated acreage due to urban and industrial development.

As discussed in Chapter 3, agriculture is responsible for about one third of the total annual water use in the Prescott AMA. In 1997, a total of 7,572 acre-feet of water was used for agricultural irrigation purposes. Most of this water came from groundwater sources. Other sources of water used for agricultural irrigation include treated effluent and surface water.

Deleted: The Agricultural Conservation Program for the Third Management Plan has been developed to contribute to the achievement of the water management goal for the Pinal Active Management Area (AMA). The goal for the AMA is to allow the development of non-irrigation water uses and to extend the life of the agricultural economies for as long as feasible, while preserving water supplies for future non-agricultural uses.

Only land associated with a certificate of Irrigation Grandfathered Right (IGFR) can be legally irrigated with groundwater within an AMA. A.R.S. § 45-465. These certificates were issued by the Arizona Department of Water Resources (Department) based on crops and acreage planted from the years 1975 to 1980. Land not irrigated during this time period may not be irrigated unless one of the exceptions stated in the Groundwater Code (Code) applies. A.R.S. § 45-452. Except for IGFRs with ten or fewer acres, a person using groundwater pursuant to an IGFR must comply with conservation requirements established in the management plan for each management period. A.R.S. § 45-465. The Agricultural Conservation Program contains three conservation programs for IGFR owners: 1) the Base Program, 2) the Historic Cropping Program, and 3) the Best Management Practices (BMP) Program. For the third management period, the Department will calculate the maximum annual groundwater allotment for each IGFR based on the statutory criteria of the Base Program. However, the owner of the IGFR may opt to enroll in one of the two alternative conservation programs if certain requirements are met. In addition, conservation requirements exist for irrigation districts and private water companies that distribute groundwater for irrigation purposes.

All IGFRs will be regulated under the Base Program unless the owner of the IGFR has been accepted into one of the two alternative conservation programs described below. Under the Base Program, the water duty for a farm unit is calculated based upon its 1975 to 1980 crop history and an assigned irrigation efficiency of 75 percent in the Prescott AMA. The Code provides for participants in the Base Program to borrow or bank groundwater from year to year to allow for varying climatic and market conditions. To meet this provision, the Department maintains an operating flexibility account for each IGFR.

The Historic Cropping Program was the first alternative agricultural conservation program developed by the Department, as required by A.R.S. § 45-566.02(A). Participation in the Historic Cropping Program is strictly voluntary. This alternative program is similar to that of the Base Program in that it is allotment-based. The water duty for the farm unit is calculated based upon its 1975 to 1980 crop history and an assigned irrigation efficiency of 70 percent for all farms in the Prescott AMA. Similar to the Base Program, this program has a flexibility account provision. There is a limit, however, on the total amount of credits that may be accumulated, and the amount of debits that may be accumulated is smaller than under the Base Program.

In 2002, A.R.S. § 45-566.02 was amended by the legislature to require the director to include a BMP Program in the Third Management Plan. Participation in the BMP Program is strictly voluntary. Unlike the Base Program or the Historic Cropping Program, a farmer in the BMP Program agrees to implement specified agricultural conservation practices. To efficiently use

water, this program relies upon the implementation of on-farm physical improvements and farm management practices. Since this program is not allotment-based, there is no provision for an operating flexibility account. The BMP Program allows participants flexibility to make decisions concerning their farming operation. As with the Base Program and the Historic Cropping Program, only acres irrigated between 1975 and 1980 may be irrigated under the BMP Program.

In this chapter, the following topics are discussed in the order listed:

- Statutory Provisions (section 4.2)
- Irrigation Water Duties and Maximum Annual Groundwater Allotments (section 4.3)
- Agricultural Conservation Program Components (section 4.4)
- Non-Regulatory Water Resource Management Strategies (section 4.5)
- Future Directions (section 4.6)
- Agricultural Conservation Requirements and Monitoring and Reporting Requirements (section 4.7)

4.2 STATUTORY PROVISIONS

The Code limits uses of groundwater for irrigation purposes in AMAs in several ways. These statutory provisions are described below.

4.2.1 Third Management Plan Guidelines

A.R.S. §§ 45-566, 566.01, and 566.02 require the director to follow established guidelines in developing management plans for each AMA during the third management period (the years 2000 to 2010). For the agricultural sector, in the plan for each AMA the director:

- Shall establish an irrigation water duty for each farm unit to be reached by the end of the third management period.

- May establish one or more intermediate water duties to be reached at specified intervals during the third management period.

- Shall calculate the irrigation water duty or intermediate water duties as the quantity of water reasonably required to irrigate the crops historically grown in the farm unit. The water duties shall be computed by dividing the total irrigation requirement per acre of those crops by an irrigation efficiency of 80 percent, except that a lower irrigation efficiency may be used for a farm unit or portion of a farm unit determined by the director to have limiting soils or excessive slopes, and for a farm unit where orchard crops were historically grown and continue to be grown.

- After computing the irrigation water duties or intermediate water duties, may adjust the highest 25 percent of the water duties within an area of similar farming conditions by reducing each water duty in an amount up to 10 percent, except that in making the adjustment, no water duty may be reduced to an amount less than the greater of the following:

  (a) The highest water duty within the lowest 75 percent of the water duties computed within the area of similar farming conditions for the third management period.

(b) A water duty computed for the farm unit using an irrigation efficiency of 80 percent.

- Shall grant an exemption from the irrigation water duties at any time during the third management period if an applicant can demonstrate to the director's satisfaction that the applicant's farm unit meets specific hydrologic conditions regarding waterlogging or basin outflow.

- Shall establish additional economically reasonable conservation requirements for the distribution of groundwater by cities, towns, private water companies, and irrigation districts within their service areas.

- Shall provide an historic cropping program as an alternative conservation program that achieves conservation equivalent to the base program required by A.R.S. § 45-566(A)(1). The irrigation water duty shall be calculated similar to the base program but using a lower irrigation efficiency of 75 percent for farm units with non-limiting soils. For farm units with limiting soils, the statute authorizes the director to use an irrigation efficiency as low as 70 percent. The flexibility account provisions of A.R.S. § 45-467 apply except that a credit balance cannot exceed 75 percent of the IGFR's maximum annual groundwater allotment and a debit balance cannot exceed 25 percent of the allotment.

- Shall include in the modification of the management plan for the third management period a best management practices program that is an alternative to the base program required by A.R.S. § 45-566(A)(1), and that the director determines will achieve conservation that is at least as equivalent to that of the base program. The BMP program requires the implementation of specific agricultural conservation practices on the land or farm unit to which the IGFR is appurtenant in lieu of complying with an irrigation water duty and a maximum annual groundwater allotment.

- May establish additional alternative agricultural conservation programs for the third management period through a management plan modification if it is shown that such programs achieve conservation that is at least as equivalent to that required under A.R.S. § 45-566(A)(1).

4.2.2 <u>New Irrigated Lands Prohibited</u>

Under A.R.S. § 45-452, only acres of land which were legally irrigated at any time from January 1, 1975 through January 1, 1980, which are capable of being irrigated and which have not been retired from irrigation or conveyed for a non-irrigation use, may be irrigated with any water unless one of the following exceptions apply:

- Substantial capital investment was made for the subjugation of the land for an irrigation use prior to June 12, 1980. A.R.S. § 45-452(A)(1) and (2).

- Surface water may be used pursuant to decreed or appropriative rights established before June 12, 1980. A.R.S. § 45-452(A).

- Existing acreage irrigated with surface water may be replaced with new acreage if the surface water right is severed and transferred to the new acreage. A.R.S. § 45-172.

- State universities may irrigate new acreage not to exceed a total of 320 acres of land with not more than five acre-feet of groundwater per acre per year. A.R.S. § 45-452(H).

- Correctional facilities under the jurisdiction of the Arizona Department of Corrections may irrigate new acreage not to exceed a total of ten acres of land with not more than 4.5 acre-feet of water per acre per year for the purpose of producing plants for consumption by inmates as part of a prisoner work program. A.R.S. § 45-452(J).

- Existing acreage may be replaced with new acreage if the substitution is necessary to enable an irrigation district to more efficiently serve CAP water. A.R.S. § 45-452(B).

- Existing acreage damaged by floodwater may be replaced with new acreage. A.R.S. § 45-465.01.

- Existing acreage which has a condition that limits irrigation efficiency may be replaced with new acreage. A.R.S. § 45-465.02.

4.2.3 Maximum Annual Groundwater Allotments

Under A.R.S. § 45-465, all persons using groundwater pursuant to an IGFR, except those whose water use is regulated under the BMP Program or whose IGFR is appurtenant to ten or fewer acres, must comply with a maximum annual groundwater allotment. The maximum annual groundwater allotment for each IGFR is determined by multiplying the irrigation water duty for the IGFR by the water duty acres in the farm. The irrigation water duty is the annual amount of water in acre-feet per acre that is reasonable to apply to irrigated land to produce the crops historically grown (1975 to 1980) in the farm unit divided by an assigned irrigation efficiency. Water duty acres are the highest number of acres in the IGFR, taking land rotation into account, that were legally irrigated during any one year from 1975 to 1980. The maximum annual groundwater allotment may be used to irrigate any or all of the irrigation acres in the IGFR. Irrigation acres are the acres in the IGFR that were legally irrigated at any time from 1975 to 1980.

4.2.4 Flexibility Account Provisions

In order to provide farmers with sufficient flexibility to address varying climatic conditions and to take advantage of changing agricultural market conditions, the Code requires the director to establish a flexibility (flex) account for each farm that receives a maximum annual groundwater allotment. A.R.S. § 45-467. In 1987, the Department began implementing these provisions in the Prescott AMA.

Under the flex account statute, an owner of an IGFR may accumulate both flex account credits and debits. If an IGFR owner uses groundwater in excess of the farm's maximum annual groundwater allotment, the flex account is debited. A negative balance that exceeds 50 percent of the annual allotment for an IGFR regulated under the Base Program, or 25 percent for a farm regulated under the Historic Cropping Program, results in a violation of the conservation requirement. If an IGFR owner uses less water than the farm's maximum annual groundwater allotment, the flex account is credited. In the Base Program, accrued flex account credits are not limited. In the Historic Cropping Program, the credit balance in a flex account may not exceed 75 percent of the farm's annual allotment. In both programs, flex credits can be used at any time in future years, and may be used to offset a debit. In addition, under certain conditions, IGFR

owners regulated under the Base Program may transfer or convey flex account credits during the second calendar year following the year in which the flex account credits were earned. A.R.S. § 45-467(O). The flex account provisions do not apply to participants in the BMP Program.

4.2.5 Small Irrigation Grandfathered Rights

In 1994, legislation was passed deregulating small IGFRs. A small IGFR is defined as a farm with ten or fewer irrigation acres and that is not part of an integrated farming operation of more than ten acres. Under A.R.S. §§ 45-563.02 and 45-632(D), small IGFRs are not required to report annual water use or comply with water duty limitations. A person using groundwater pursuant to a small IGFR is required to prevent groundwater from flowing off the surface of the fields unless the groundwater is put to a reasonable and beneficial use elsewhere after being approved by the director. Small IGFRs comprise over half of the IGFRs in the Prescott AMA but account for only two percent of the total water use.

4.3 IRRIGATION WATER DUTIES AND MAXIMUM ANNUAL GROUNDWATER ALLOTMENTS

The irrigation water duty is the primary component of the Base Program and the Historic Cropping Program and is used to determine the maximum annual groundwater allotment for each IGFR regulated under these programs. This section describes how the Department determines water duties and maximum annual groundwater allotments. This section does not apply to the BMP Program.

4.3.1 Calculation of Irrigation Water Duties

The irrigation water duty is the quantity of water reasonably required per acre to annually irrigate the crops historically grown in a farm unit from 1975 to 1980. The crops historically grown in each farm unit were verified and established during the first management period. The Department calculates the irrigation water duty for each IGFR using the following formula:

$$\textit{Irrigation Water Duty} = \frac{\textit{Total Irrigation Requirement per Acre}}{\textit{Assigned Irrigation Efficiency}}$$

In this formula, the irrigation water duty is calculated by dividing the total water requirements to produce the crops historically grown by an assigned irrigation efficiency. Each component of the formula is discussed below.

4.3.1.1 Assigned Irrigation Efficiencies

Recent analysis of the Soil Survey for Yavapai County has shown that all farm units in the Prescott AMA are situated on limiting soils. Under A.R.S. § 45-566(A)(1) an irrigation efficiency of 80 percent is assigned to farm units having non-limiting soils, however, a lower irrigation efficiency may be used for a farm unit determined by the director to be on limiting soils or excessive slopes. Because all farms in the Prescott AMA are situated on limiting soils, the director has determined that the assigned irrigation efficiency for each farm unit is 75 percent.

For the Historic Cropping Program, the assigned irrigation efficiency for farm units with non-limiting soils is 75 percent as prescribed by A.R.S. § 45-566.02. Because all farm units within

the Prescott AMA are situated on limiting soils, the director has determined that an assigned irrigation efficiency of 70 percent will be used to calculate a farm unit's water duty under the Historic Cropping Program.

4.3.1.2 Total Irrigation Requirement

The total irrigation requirement for each farm unit equals the amount of water needed annually to satisfy the sum of the irrigation requirements for all of the crops historically grown. For each crop, the irrigation requirement (IR) consists of the amount of water needed to meet the consumptive use (CU) requirement of the crop, plus any other needs (ON) that the crop may have, plus any needed leaching allowance (LA), less any effective precipitation (EP). The irrigation requirement is calculated by the following equation:

$$IR = CU + ON + LA - EP$$

The components of the irrigation requirement equation are discussed below.

4.3.1.2.1 Consumptive Use

The consumptive use requirement of a crop is the amount of water used in transpiration and building of plant tissue, together with the amount of water evaporated from adjacent soil during the growing season. Crop consumptive use values are based on research reviewed during the development of the second management plan and commonly used values for the Prescott AMA. Appendix 4A lists the consumptive use requirement for each crop historically grown.

4.3.1.2.2 Other Needs

Water required by certain crops for purposes other than consumptive use is referred to as "other needs" water. The Department makes adjustments for those crops that have "other needs." For the third management period, no crops grown in the Prescott AMA were identified as needing additional water for other needs.

4.3.1.2.3 Leaching Allowance

In some situations, a crop may require additional water for leaching or deep percolation. A leaching allowance may be necessary to prevent salts from accumulating in the crop root zone when high levels of total dissolved solids (TDS) are present in the irrigation water. If the accumulated salts in the soil profile are not leached below the root zone, soil salinity will increase and eventually inhibit plant growth and yields.

The procedure used to calculate the leaching allowance for a crop is shown by the following equation:

$$LA = \frac{AE}{0.85}\left[CU \left[\frac{1}{1 - \frac{EC_w}{5\,EC_e - EC_w}} - 1 \right] \right]$$

In this equation, LA = leaching allowance for the crop; AE = assigned irrigation efficiency for the farm unit; CU = consumptive use requirement of the crop; EC_w = electrical conductivity of the irrigation water (expressed in millimhos per centimeter); and EC_e = tolerance of the crop to soil salinity as indicated by the electrical conductivity of the soil saturation extract (expressed in millimhos per centimeter).

Most irrigation water in the Prescott AMA is of adequate quality for irrigation purposes. Consequently, the Department did not include leaching allowances in the calculation of irrigation requirements for crops grown in the AMA. If, however, an IGFR has an irrigation water supply with an EC_w value greater than 1.5 millimhos per centimeter (a concentration of approximately 1,000 milligrams per liter of TDS), the owner of the IGFR may apply to the Department for an administrative review as discussed in Chapter 10.

4.3.1.2.4 Effective Precipitation

Effective precipitation is defined as the amount of precipitation occurring before and during the growing season that is available for plant growth. Because precipitation in the Prescott AMA is substantial during most years, an effective precipitation value was added to the total irrigation requirement. Consumptive use values for crops grown in the Prescott AMA, including values for effective precipitation, can be found in Appendix 4A.

4.3.2 Calculation of Maximum Annual Groundwater Allotments

The maximum annual groundwater allotment for each IGFR is determined by multiplying the irrigation water duty by the water duty acres. These calculations are governed by A.R.S. § 45-465 (see section 4.2.3).

4.4 AGRICULTURAL CONSERVATION PROGRAM COMPONENTS

The following section describes the Agricultural Conservation Program components for the Third Management Plan. This program, which exists in all AMAs, consists of three conservation programs for IGFRs: (1) the Base Program, (2) the Historic Cropping Program, and (3) the Best Management Practices Program. The Agricultural Conservation Program also contains irrigation distribution system conservation requirements for irrigation districts and private water companies distributing groundwater for irrigation use. Each of these programs is described below.

4.4.1 Base Program

Pursuant to A.R.S. § 45-566(A)(1), each IGFR owner and any person entitled to use groundwater pursuant to the right will be regulated under the Base Program unless an application for regulation under an alternative conservation program is approved by the Department. This statute requires the Department to calculate the water duty for each farm unit by dividing the total irrigation requirement per acre of the crops historically grown on the farm unit by an assigned irrigation efficiency of 80 percent. A lower assigned irrigation efficiency may be used to calculate the water duties for farm units or portions of farm units that are determined by the director as having limiting soils or excessive slopes. As discussed earlier, due to the limiting nature of Prescott AMA soils, an irrigation efficiency of 75 percent has been assigned to all farm units in the AMA.

The water duty for each farm unit will become effective upon modification of the Third Management Plan. However, the Department will adjust the flex account balances as of January 1, 2000.

A.R.S. § 45-566(A)(1) authorizes the Department, subject to certain limitations, to reduce the highest 25 percent of the water duties within an area of similar farming conditions (see section 4.2.1). The Department chose not to implement this provision for the third management period.

4.4.2 Historic Cropping Program

The Historic Cropping Program was developed by the Department pursuant to A.R.S. § 45-566.02. Because the director has determined that all farms in the Prescott AMA are situated on limiting soils, the Department will calculate the water duty by dividing the total irrigation requirement per acre of the crops historically grown on the farm unit by an assigned irrigation efficiency of 70 percent. As further required by A.R.S. § 45-566.02, the use of flex account provisions will be limited (see section 4.2.4).

In order to enroll in the Historic Cropping Program, an owner of an IGFR must satisfy the following requirements:

- File an application with the Department.
- Reduce any debit balance in the existing flex account to an amount, which does not exceed 25 percent of the existing maximum annual groundwater allotment.
- Reduce any flex account credits in the existing flex account balance to an amount which does not exceed 75 percent of the existing maximum annual groundwater allotment.
- Provide documentation showing that an actual irrigation efficiency of at least 70 percent has been, or will be, achieved on the farm unit on a seasonal basis or agree to enroll in an irrigation management services program.

Once an IGFR owner has enrolled in the Historic Cropping Program, the owner must remain in the program until the effective date of the conservation requirements established in the Fourth Management Plan unless there is a change in ownership of the IGFR.

Participants in the Historic Cropping Program will be subject to limitations on their ability to accumulate flex account credits and debits. Participants will only be allowed to accrue flex account credits up to 75 percent, and flex account debits up to 25 percent, of their maximum annual groundwater allotments calculated for the Historic Cropping Program. An IGFR owner and any person entitled to use groundwater pursuant to that IGFR are in violation of the IGFR's maximum annual groundwater allotment if the flex account for the IGFR has a debit balance in excess of 25 percent of the maximum annual groundwater allotment. Participants in the Historic Cropping Program will not be allowed to sell or purchase flex account credits.

Participants in the Historic Cropping Program will be required to comply with certain reporting requirements. Participants must provide information regarding irrigation water management practices, irrigation system type, and the acreage and type of crops grown to assist the Department in determining program effectiveness.

The Historic Cropping Program requires a high level of farm management. Specific entrance and performance criteria must be satisfied, and only IGFR owners may apply. IGFR owners interested in enrolling in the Historic Cropping Program may file an application on a form provided by the Department.

4.4.3 Best Management Practices Program

As required by A.R.S. § 45-566.02(F), the director has modified the Third Management Plan to include a BMP Program. The BMP Program can best be characterized as a commitment to implement certain agricultural conservation practices. The purpose of this program is to provide an alternative conservation program that is designed to be at least as effective in achieving water conservation as the Base Program. Program participants are not restricted to maximum annual groundwater allotments based on the crops historically grown. Instead, they are required to implement specific agricultural conservation practices that involve on-farm irrigation system improvements and increased farm management. This combination of applied physical and management improvements is designed to assist a farmer in achieving a high level of on-farm seasonal irrigation efficiency.

BMPs are approved practices that can be used by farmers to increase the overall water use efficiency of the farm. In order to meet the changing demands of agricultural production, irrigation system improvements and a high level of farm management are essential. The Department, with assistance from the agricultural community, has developed a menu of approved BMPs to ensure that individual farmers may select those practices that provide the best opportunity for increased water savings and efficient operation of their farm.

Approved BMPs are listed in Appendix 4B and are separated into four distinct categories: 1) Water Conveyance System Improvements, 2) Farm Irrigation Systems, 3) Irrigation Water Management, and 4) Agronomic Management. Each category contains specific BMPs that have been approved by the Department, with point values based on their potential contribution for water conservation. To ensure a balance between categories, an applicant to the BMP program may only score a maximum of three points in each category. Furthermore, the applicant must score a minimum of two points in the Farm Irrigation Systems category, a minimum of one point in the other three categories, and at least 10 points overall. The applicant may select a BMP in Category 1 or 2 only if the BMP has already been installed and is being used on the farm at the time the application is filed. The applicant may select a BMP in Category 3 or 4 only if the BMP will be implemented annually during the time the farm is regulated under the BMP Program. In order to receive points for agricultural conservation practices in Category 3 or 4 that are not approved BMPs described in Appendix 4B, the applicant must demonstrate to the Department that such practices will likely result in water savings that are at least equivalent to that of the approved BMPs.

In order to enroll in the BMP Program, an individual must apply to the director on a form prescribed and furnished by the Department. If all eligibility requirements are met, the director will approve the application. The applicant must also submit the following:

- A current farm map that shows all existing improvements to the farm unit respective to water conveyance and farm irrigation systems.

- If the applicant is leasing the land, a signed affidavit from the owner of each IGFR for which the application is filed, stating that the owner agrees to regulation under the BMP Program until the conservation requirements in the Fourth Management Plan become effective. The

Department will develop a policy that will allow the owner and the Department to agree to specific terms of compliance at the time the application is filed so that the owner will know at that time the extent of the owner's liability for any violations of the BMP Program while the land is leased.

It should be noted that under the BMP Program, it is possible to include multiple IGFRs under a single BMP enrollment as long as the IGFRs are contiguous or in close proximity to each other and are part of a single farm unit. Once enrolled in the BMP Program, the IGFR owner and any person using groundwater pursuant to the right (e.g. farm operator or lessee) will be regulated under the BMP program until the Fourth Management Plan requirements become effective, unless there is a change in ownership of the farm unit. New owners of IGFRs may elect to have the IGFR enrolled in another conservation program.

An IGFR owner enrolled in the BMP Program may, under certain conditions, be allowed to withdraw from the BMP Program if the owner demonstrates to the director that the owner has been unable to find a person willing to lease the IGFR and be regulated under the BMP Program. If a person regulated under the BMP Program acquires land with an IGFR not enrolled in the BMP Program or leases land with an IGFR not enrolled in the BMP Program, the person may apply to have the IGFR enrolled in the BMP Program.

While enrolled in the program, the participant must implement all BMPs selected in the application approved by the Department, except that the owner or lessee of the farm unit may replace a selected BMP in Category 3 or 4 with a different BMP under certain conditions. A BMP selected in Category 3 or 4 may be replaced with an approved BMP in the same category without prior approval of the Department. However, the owner or lessee of the farm unit must give the Department written notice of the replacement within thirty days after the replacement occurs.

A BMP selected in Category 3 or 4 may also be replaced with a substitute practice in the same category only if the owner or lessee of the farm unit applies to the Department and the Department approves the application. The Department will approve an application for replacement of a selected BMP if it finds that implementation of the substitute practice will likely result in water savings on the farm at least equivalent to the water savings that would result from implementation of the selected BMP.

4.4.3.1 BMP Advisory Committee

The Governor signed an executive order in May 2002 establishing the Agricultural Water Conservation Best Management Practices Advisory Committee (BMP Advisory Committee) until adoption of the Fourth Management Plan. The BMP Advisory Committee consists of 11 members. Membership includes the director of the Department of Water Resources, the director of the Arizona Department of Agriculture, the director of the U.S. Department of Agriculture's Water Conservation Laboratory, seven members representing various agricultural interests, and a member representing municipal interests.

The purpose of the BMP Advisory Committee is to advise the director of the Arizona Department of Water Resources on the development of a BMP Program that is suitable for most farmers. In consultation with the Department and the agricultural community, the BMP Advisory Committee will review and analyze data collected during the third management period regarding the effectiveness and administration of the BMP Program. Based on this information, the BMP

Advisory Committee may recommend changing or terminating the program, and may also recommend the structure of a BMP Program for subsequent management periods.

4.4.4 Irrigation Distribution System Conservation Program

For the third management period, the director is required to establish "additional economically reasonable conservation requirements for the distribution of groundwater by cities, towns, private water companies and irrigation districts within their service areas." A.R.S. § 45-566(A)(5). The same conservation requirements were required by the Second Management Plan. A.R.S. § 45-565(A)(5).

In the Second Management Plan, private water companies and irrigation districts which distributed 20 percent or more of their total water deliveries for irrigation use by January 1, 1990, were required to reduce their irrigation distribution system lost and unaccounted for water either by lining all their canals, or by operating their delivery systems so that the total quantity of lost and unaccounted for water was 10 percent or less of the total quantity of water withdrawn, diverted, or received during a year. These requirements became effective upon the commencement of operation or January 1, 2000, whichever was later. A Department review of the conservation practices of the largest irrigation districts has shown that most districts are achieving the Second Management Plan distribution system conservation requirements.

For the Third Management Plan, the irrigation distribution system conservation requirements established in the Second Management Plan will continue to apply to irrigation districts and private water companies which, as of January 1, 2000, distributed 20 percent or more of their total water deliveries for irrigation use. These irrigation districts and private water companies will be required to reduce their irrigation distribution system lost and unaccounted for water by lining all their canals, or by operating their delivery systems so that the total quantity of lost and unaccounted for water is 10 percent or less of the total quantity of water withdrawn, diverted, or received during a year. These requirements are effective upon the commencement of operation or by January 1, 2002, whichever is later.

If a private water company or irrigation district has economic circumstances which prevent timely compliance with the irrigation distribution system conservation requirements, a variance of up to five years may be requested as provided by A.R.S. § 45-574. Information submitted in support of the variance request must include a complete water loss reduction plan prepared by a registered civil engineer that contains:

- A complete construction design document that shows specifications for repairing or modifying the irrigation distribution system. The document must include material specifications, proposed design specifications, installation and construction specifications, and any other engineering information or specifications necessary to complete the proposed rehabilitation of the distribution system.

- A detailed list of engineering costs and the proposed investment options designed to pay for the system improvements.

- The final completion date for the rehabilitation.

- If applicable, a system operating guide to reduce lost and unaccounted for water to a minimum. This guide may be modified as the rehabilitation progresses.

The procedures for obtaining a variance are described in Chapter 10, section 10.3.1.

4.4.5 Use of Remediated Groundwater

In 1997, legislation was enacted that significantly revised the Water Quality Assurance Revolving Fund (WQARF) Program to provide incentives for the use of remediated groundwater to facilitate the treatment of contaminated groundwater. This legislation provides that the Department shall account for the use of groundwater withdrawn pursuant to an approved remedial action project as surface water when determining compliance with management plan conservation requirements. Laws 1997, Ch. 287, § 51(B). The criteria that must be met to qualify for this accounting are set forth in section 4-107 of the Agricultural Conservation Requirements and Monitoring and Reporting Requirements. Groundwater withdrawn pursuant to an approved remedial action project retains its legal character as groundwater for all other purposes under Title 45, Arizona Revised Statutes. For more information on the statutory mandates for the Department's involvement in the WQARF Program, see Chapter 7, section 7.4.4.6.3.

4.5 NON-REGULATORY WATER RESOURCE MANAGEMENT STRATEGIES

In addition to the agricultural conservation programs described above, there are other water resource management strategies that are available to achieve the water management goal for the Prescott AMA. These strategies are described below.

4.5.1 Direct Use of Effluent

In 1991, the Legislature amended A.R.S. § 45-467 to exclude effluent from consideration in determining the amount of any debit to be registered to a farm's flex account. Laws 1991, Ch. 112, § 3. Under this amendment, a person using groundwater on a farm pursuant to an IGFR may use an unlimited amount of effluent on the farm without any debit being registered to the farm's flex account as a result of effluent use. This amendment has created an incentive for the use of effluent.

During the third management period, the Department will study alternatives to increase the use of effluent. In the past, effluent utilization for agricultural irrigation has been limited mostly by the lack of necessary infrastructure. Other requirements, such as the wastewater reuse rules adopted by the Arizona Department of Environmental Quality, have limited the types of crops that can be irrigated solely by effluent. As effluent treatment techniques improve and more effluent becomes accessible to the agricultural sector, the Arizona Department of Water Resources expects that effluent use for agricultural purposes will increase.

4.5.2 Conservation Assistance

The use of Conservation Assistance Program monies to fund programs designed to assist the agricultural sector in the conservation of groundwater resources is expected to extend into the third management period. The Department will continue to encourage programs that promote efficient agricultural water use.

Much effort has been made by the Department to collect accurate water use data and cropped acreage data that enable Department staff to plan for the long-term goals of the AMA. In addition to analyzing annual water use reports submitted by right holders each year, the AMA staff travel throughout the area, meeting with farmers and ranchers and discussing water needs and farm

management practices. They have been willing to take an active role in ensuring that an adequate supply of irrigation water is available to meet the needs of the community. The Department staff has been better able to understand, through becoming involved with the community, the direction of water conservation practices for the AMA in the future. The Conservation Assistance Program is described more fully in Chapter 9.

4.6 FUTURE DIRECTIONS

To achieve the goal of safe-yield in the Prescott AMA, reductions in agricultural groundwater use need to continue. The increased use of renewable water supplies to replace groundwater use, combined with demand reduction efforts to enhance on-farm irrigation water management practices, are key factors in meeting this water resource management goal.

During the third management period, the Department will continue to provide the agricultural sector with technical and conservation planning assistance to reduce reliance on groundwater supplies. The Department will evaluate incentives for and encourage the increased use of effluent and will facilitate agreements to provide alternative water sources to the agricultural sector.

In addition, the Department will consider funding for conservation, education, and the use of renewable supplies in order to achieve the water management goal for the Prescott AMA. These monies, for example, may be used to assist farmers with irrigation water management practices.

The Department will continue to work cooperatively with the agricultural community to ensure that existing conservation requirements are effective and appropriate. In addition, the Department will work closely with the BMP Advisory Committee throughout the third management period to ensure that the BMP Program is an effective and efficient agricultural water conservation program. As part of this effort, the Department, in conjunction with the BMP Advisory Committee, will monitor and analyze both existing and newly implemented BMPs.

The Department will also continue to monitor crop and water use patterns during the third management period to evaluate agriculture's contribution to achieving the Prescott AMA's safe-yield goal, and the impacts of Department programs on farming operations. Urbanization impacts on agriculture as well as water use trends due to agricultural market conditions will be evaluated for future planning needs.

The Agricultural Conservation Program for the Third Management Plan is a step toward achieving the water resource management goal of safe-yield for the Prescott AMA. During the third management period, this program will continue to be evaluated for its effectiveness in achieving this goal.

4.7 AGRICULTURAL CONSERVATION REQUIREMENTS AND MONITORING AND REPORTING REQUIREMENTS

4-101. Definitions

In addition to the definitions set forth in Chapters 1 and 2 of Title 45 of the Arizona Revised Statutes, the following words and phrases used in sections 4-101 through 4-107 of this chapter shall have the meanings set forth below, unless the context otherwise requires:

1. *"Assigned Irrigation Efficiency" is defined as the irrigation efficiency used to compute the irrigation water duty for the third management period pursuant to A.R.S. §§ 45-566 and 45-566.02.*

2. *"Canal" is defined as a waterway constructed for the purpose of transporting water to a point of delivery, including main canals and lateral canals.*

3. *"Farm" is defined under A.R.S. § 45-402.*

4. *"Farm Unit" is defined under A.R.S. § 45-402.*

5. *"Flexibility Account" is an account maintained under A.R.S. § 45-467.*

6. *"Irrigation Acre" is defined under A.R.S. § 45-402.*

7. *"Irrigation Distribution System" is defined as a system of canals, flumes, pipes, or other works that are owned or operated by an irrigation district or private water company and used to deliver water for irrigation use.*

8. *"Irrigation Water Duty" is defined under A.R.S. § 45-566 which, for the Third Management Plan, is the total irrigation requirement to produce the crops historically grown divided by the assigned irrigation efficiency.*

9. *"Lost Water" is defined as water from any source, including effluent, which enters an irrigation distribution system and is lost from the system during transportation or distribution due to seepage, evaporation, leaks, breaks, phreatophyte use, or other causes*

10. *"Maximum Annual Groundwater Allotment" is defined as the maximum amount of groundwater that may be used per year for the irrigation of each irrigation acre in the farm that is calculated pursuant to A.R.S. § 45-465.*

11. *"On-farm Seasonal Irrigation Efficiency" is defined as the total water requirements to produce a crop divided by the total quantity of water actually applied to that crop during one growing season.*

12. *"Total Quantity of Lost and Unaccounted for Water" is defined as the total quantity of water from any source, including effluent, withdrawn, diverted, or received by an irrigation district or private water company during a calendar year less the total deliveries of water from any source, including effluent, made by the irrigation district or private water company during the calendar year that*

are measured or estimated based on a generally accepted method of estimating water use.

13. "Water Duty Acres" is defined under A.R.S. § 45-461.

4-102. Base Agricultural Conservation Program Requirements

A. *Unless the owner of a Certificate of Irrigation Grandfathered Right ("IGFR") has applied and been approved for regulation under the Historic Cropping Program described in section 4-103 or the Best Management Practices Program described in section 4-104, the IGFR owner and any person who is entitled to use groundwater pursuant to that IGFR shall comply with this section.*

B. *The IGFR owner and any person entitled to use groundwater pursuant to that IGFR shall comply with the irrigation water duty and maximum annual groundwater allotment assigned for the IGFR beginning with calendar year 2003, and during each calendar year thereafter until the first compliance date for any substitute conservation requirement established in the management plan for the fourth management period ("Fourth Management Plan"). The irrigation acres, water duty acres, assigned irrigation efficiency, irrigation water duty and maximum annual groundwater allotment for each IGFR in the Prescott Active Management Area are set forth in the document entitled "Supplement I to the Third Management Plan for the Prescott Active Management Area," which is incorporated herein by reference and which is available for inspection and copying at the Arizona Department of Water Resources' office in Phoenix and Prescott, Arizona.*

C. *The IGFR owner and any person entitled to use groundwater pursuant to that IGFR may use the maximum annual groundwater allotment assigned for the right in Supplement I to irrigate only the irrigation acres to which the right is appurtenant.*

The IGFR owner and any person entitled to use groundwater pursuant to that IGFR shall not use water for irrigation purposes during a calendar year in an amount which exceeds the maximum annual groundwater allotment assigned to the right in Supplement I, except as provided by the flexibility account provisions of A.R.S. §45-467 and any rules adopted by the director.

D. *Pursuant to A.A.C. R12-15-1013, the IGFR owner and any person using groundwater pursuant that IGFR shall keep and maintain, for at least three calendar years following the filing of an annual report required by A.R.S. § 45-632, all records which may be necessary to verify the information and data contained in the annual report.*

4-103. Historic Cropping Program

A. Application for Regulation under the Historic Cropping Program

Only an owner of an IGFR may apply to be regulated under the Historic Cropping Program. Beginning January 1, 2000, an application may be filed by an IGFR owner at any time prior to the first compliance date for the agricultural conservation requirements established in the Fourth Management Plan. An

application for regulation under the Historic Cropping Program shall be on a form prescribed and furnished by the director and shall include the following information:

1. *The name, address, and phone number of the IGFR owner.*

2. *The number of the Certificate of Irrigation Grandfathered Right.*

3. *The name, address, and phone number of any person entitled to use groundwater under the IGFR.*

4. *For each of the three previous years, the number of acres and types of crops planted and the amount of water used to irrigate the planted acres.*

5. *For each of the three previous years, the type of irrigation system which has been used, including percent of slope, length of runs, and method of field application.*

6. *For each of the three previous years, a description of all water conservation practices used on the farm, including the name of any conservation program or irrigation water management service used on the farm.*

B. Criteria for Approval of Application

The director shall approve an application for regulation under the historic cropping program if all of the following requirements are satisfied:

1. *The application is found to be complete and correct.*

2. *Any negative flexibility account balance in the farm's flexibility account does not exceed 25 percent of the maximum annual groundwater allotment in effect at the time that the application is made.*

3. *Any positive flexibility account balance in the farm's flexibility account does not exceed 75 percent of the maximum annual groundwater allotment in effect at the time that the application is made. In order to satisfy this requirement, the IGFR owner may sell or convey any excess credits as provided by A.R.S. § 45-467 or the IGFR owner may relinquish any excess credits.*

4. *The IGFR owner demonstrates that the average on-farm seasonal irrigation efficiency achieved on the farm's irrigation acres during the previous three years was 70 percent or greater. If the IGFR owner cannot demonstrate that an average on-farm seasonal irrigation efficiency of at least 70 percent has been achieved during the previous three years, the IGFR owner shall agree in writing to develop and implement at least one of the following:*

    a. *Enroll in a Department-sponsored or private irrigation management services program throughout the entire third management period or until the IGFR owner can demonstrate to the director that an average on-farm seasonal irrigation efficiency of at least 70 percent has been achieved*

during the previous three years.

b. Implement water conveyance system or farm irrigation system improvements, approved by the director, designed to enable the IGFR owner to achieve an on-farm seasonal irrigation efficiency of at least 70 percent.

C. Historic Cropping Program Requirements

An IGFR owner whose application has been approved for regulation under the Historic Cropping Program and any person using groundwater pursuant to that IGFR shall comply with all of the following:

1. The irrigation water duty and maximum annual groundwater allotment established by the director under this section, beginning with the calendar year in which the IGFR owner is accepted into the Historic Cropping Program, and continuing thereafter until the first compliance date for any substitute conservation requirement established in the Fourth Management Plan. The director shall establish the irrigation water duty and maximum annual groundwater allotment in the same manner that the director established the irrigation water duty and maximum annual groundwater allotment assigned to the IGFR in the Base Agricultural Conservation Program described in section 4-102, except that the director shall use an assigned irrigation efficiency of 70 percent.

2. May use the maximum annual groundwater allotment assigned to the IGFR to irrigate only the irrigation acres to which the IGFR is appurtenant.

3. Not use water for irrigation purposes during a calendar year in an amount which exceeds the maximum annual groundwater allotment assigned to the right, except as provided in the flexibility account provisions of A.R.S. § 45-467, as modified in subsection D of this section, and any rules adopted by the director.

D. Flexibility Account Provisions

Under the Historic Cropping Program, the flexibility account provisions of A.R.S. § 45-467 shall apply to the IGFR owner and any person entitled to use groundwater under that IGFR with the following modifications:

1. If the amount of water used to irrigate the farm in any year is less than the maximum annual groundwater allotment established for the farm pursuant to subsection C, paragraph 1 of this section, the amount of any credit registered to the farm's flexibility account pursuant to A.R.S. § 45-467 shall not exceed the difference between the existing balance in the account and a positive account balance of 75 percent of the maximum annual groundwater allotment. The director shall not register a credit to the farm's flexibility account in any year in which the account has an existing positive account balance equal to or greater than 75 percent of the maximum annual groundwater allotment.

2. *The IGFR owner and any person entitled to use groundwater under that IGFR who are regulated under the Historic Cropping Program shall not:*

   a. *Purchase flexibility account credits from, or sell flexibility account credits to, another IGFR owner or any other person entitled to use groundwater under another IGFR regardless of whether they are regulated under the Historic Cropping Program.*

   b. *Transfer credits from the flexibility account of one farm to another farm even if the farms are owned by the same IGFR owner.*

3. *The maximum excess amount of groundwater that may be used pursuant to A.R.S. § 45-467 shall not exceed 25 percent of the maximum annual groundwater allotment established for the farm pursuant to subsection C, paragraph 1 of this section. The IGFR owner and any person entitled to use groundwater under that IGFR violate this section if the flexibility account maintained for the IGFR is in arrears at any time in excess of this amount.*

E. Reporting Requirements

1. *In addition to the information required to be submitted in the annual report required by A.R.S. § 45-632, the IGFR owner or any person entitled to use groundwater pursuant to that IGFR shall submit the following information on a form prescribed by the director, regardless of whether an irrigation district files the annual report on behalf of the IGFR owner:*

   a. *The name, address, and phone number of any person entitled to use groundwater under the IGFR.*

   b. *The number of acres and types of crops planted and the amount of water used to irrigate the planted acres.*

   c. *The type of irrigation system which has been used, including percent of slope, length of runs, and method of field application.*

   d. *A description of all water conservation practices used on the farm, including the name of any conservation program or irrigation water management service used on the farm.*

2. *Pursuant to A.A.C. R12-15-1013, the IGFR owner and any person using groundwater pursuant the IGFR shall keep and maintain, for at least three calendar years following the filing of the form, all records which may be necessary to verify the information and data contained therein.*

F. Duration of Regulation under Historic Cropping Program

1. *Except as provided in paragraph 2 of this subsection, after the director approves an application for regulation under the Historic Cropping Program, the IGFR owner and any person entitled to use groundwater pursuant to that right shall be regulated under the Historic Cropping Program until the first compliance date for any substitute agricultural conservation requirement established in the Fourth Management Plan.*

2. *After the director approves an application for regulation under the Historic Cropping Program, a subsequent owner of the IGFR may file with the director a written request to withdraw from the Historic Cropping Program within 90 days after acquiring an ownership interest in the IGFR. The director shall grant the request unless the director determines that the transfer of ownership was made solely for the purpose of circumventing the provisions of paragraph 1 of this subsection, in which case the request will be denied.*

4-104. Best Management Practices Program

A. Application for Regulation under the Best Management Practices Program

An owner of an IGFR or any person using groundwater pursuant to that IGFR may apply to be regulated under the Best Management Practices ("BMP") Program at any time prior to the first compliance date for the agricultural conservation requirements established in the Fourth Management Plan. One application may be filed for multiple IGFRs if the IGFRs are contiguous or in close proximity to each other and are within the same farm unit. An application for regulation under the BMP Program shall be on a form prescribed and furnished by the director and shall include the following information:

1. *The name, address, and phone number of the applicant.*

2. *The certificate number(s) of Irrigation Grandfathered right for which the application is filed.*

3. *The name of the farm or farm unit (if applicable).*

4. *The current balance in the flexibility account for the farm.*

5. *If the applicant is not the owner of an IGFR for which the application is filed, a signed affidavit from the owner of that IGFR stating that the owner agrees to regulation under the BMP Program until the effective date of any substitute conservation requirements established in the Fourth Management Plan, except as provided in subsection I, paragraph 2 of this section.*

6. *A current farm plan map showing all existing improvements to the farm unit's water conveyance system and farm irrigation systems.*

7. *An identification of those BMPs described in Appendix 4B that the applicant selects to implement on the farm while regulated under the BMP Program. In selecting BMPs:*

    a. *The applicant shall select at least one BMP in each of the four BMP Categories described in Appendix 4B: Category 1 (water conveyance system improvements), Category 2, (farm irrigation systems), Category 3 (irrigation water management practices), and Category 4 (agronomic management practices). The BMP or BMPs selected in a category shall have a maximum of three points using the point value determination*

described in that category. The BMP or BMPs selected in BMP Categories 1, 3, and 4 shall have a minimum of one point, and the BMP or BMPs selected in BMP Category 2 shall have a minimum of two points. The total number of points for all BMPs selected by the applicant shall be at least ten points.

b. A BMP may be selected in BMP Category 1 or BMP Category 2 only if the BMP has already been installed and is being used on the farm at the time the application is filed. A BMP may be selected in BMP Category 3 or BMP Category 4 only if the BMP will be implemented on the farm annually while water use on the farm is regulated under the BMP Program.

c. If the applicant selects a substitute practice in BMP Category 3 or BMP Category 4 as described in Appendix 4B, the applicant shall describe the substitute practice in detail and demonstrate that the practice will likely achieve water savings on the farm at least equivalent to the water savings that would result from implementation of an approved BMP in that category.

B. Criteria for Approval of Application

The director shall approve an application for regulation under the BMP program if all of the following requirements are satisfied:

1. The application is found to be complete and correct, and the BMPs selected by the applicant under subsection A, paragraph 7 of this section meet the requirements of that paragraph.

2. The applicant is not currently out of compliance with any agricultural conservation requirement in this Chapter. This paragraph does not apply to a violation of a conservation requirement if the violation has been resolved by the Department through a stipulation and consent order or other mechanism and the applicant is not in violation of that stipulation and consent order or other mechanism.

3. If the BMPs selected by the applicant under subsection A, paragraph 7 of this section include a substitute practice in BMP Category 3 or BMP Category 4 as described in Appendix 4B, the applicant has demonstrated to the satisfaction of the director that the substitute practice will likely achieve water savings on the farm at least equivalent to the water savings that would result from implementation of an approved BMP in that category.

C. Exemption from Maximum Annual Groundwater Allotment Conservation Requirements

After the director approves an application for regulation under the BMP Program, the owner of an IGFR included in the application, and any person using groundwater pursuant to that IGFR, are exempt from the maximum annual groundwater allotment conservation requirements set forth in section 4-102 beginning on January 1 of the first calendar year after the application for

enrollment into the BMP Program is approved, unless the director approves an earlier date.

D. BMP Program Requirements

After the director approves an application for regulation under the BMP Program, the owner of an IGFR included in the application, and any person using groundwater pursuant to that IGFR, shall comply with all of the following:

1. *The IGFR owner and any person entitled to use groundwater under that IGFR shall implement all selected BMPs in the application approved by the director under this section, beginning on January 1 of the first calendar year after the application for enrollment into the BMP Program is approved, unless the director approves an earlier date, and continuing thereafter until the first compliance date for any substitute conservation requirement established in the Fourth Management Plan. If a selected BMP has been replaced with a new BMP pursuant to subsection E of this section, the IGFR owner and any person entitled to use groundwater pursuant to that IGFR shall implement the new BMP in lieu of the selected BMP.*

2. *The IGFR owner, and any person entitled to use groundwater under that IGFR, may use groundwater to irrigate only the irrigation acres to which the IGFR is appurtenant.*

E. Replacement of an Existing BMP with a New BMP after Acceptance into BMP Program

After the director approves an application for regulation under the BMP Program, the owner of an IGFR included in the application, or any person using groundwater pursuant to that IGFR, may:

1. *Replace a BMP selected in BMP Category 3 or BMP Category 4 in the application approved by the director with an approved BMP in the same category as described in Appendix 4B if the applicant notifies the director in writing of the replacement within thirty days after the replacement occurs.*

2. *Apply to the director to replace a BMP selected in BMP Category 3 or BMP Category 4 in the application approved by the director with a substitute practice in the same category as described in Appendix 4B. The director shall approve the application if the director determines that implementation of the substitute practice will likely result in water savings on the farm at least equivalent to the water savings that would result from implementation of the BMP selected in the application approved by the director.*

F. Requirement of New Lessee to Apply for Participation in BMP Program

1. *After the director approves an application for regulation under the BMP Program under subsection B of this section, any person who subsequently acquires a leasehold interest in the land enrolled in the program shall file with the director an application to participate in the BMP Program prior to using*

water on the land. The application shall be on a form prescribed and furnished by the director and shall contain the following information:

a. The applicant's name, address and telephone number.

b. The certificate number(s) of Irrigation Grandfathered right for which the application is filed.

c. A certification that the applicant agrees to be regulated under the BMP Program while leasing the land and an identification of all BMPs the applicant agrees to implement while leasing the land. The BMPs shall meet the requirements set forth in subsection A, paragraph 7 of this section.

d. Any other information required by the director.

2. The director shall approve an application to participate in the BMP Program filed under paragraph 1 of this subsection if the application meets all of the requirements set forth in subsection B of this section. If the director denies the application, the applicant shall file a new application to participate in the BMP Program within thirty days after receiving notice of the director's decision or, if the applicant files a timely notice of appeal of the decision and the appeal is denied, within thirty days after receiving notice of the denial of the appeal. In the new application, the applicant shall make a good faith effort to correct the deficiencies that the director identifies with the first application. If the director denies the new application, both the owner of the IGFR and the applicant shall be regulated under the Base Agricultural Conservation Program in section 4-102.

G. Flexibility Account Provisions

Under the BMP Program, the flexibility account provisions of A.R.S. § 45-467 shall not apply to the IGFR owner and any person entitled to use groundwater under that IGFR. Upon acceptance into the BMP Program, the balance in the farm's flexibility account at the time of acceptance into the BMP Program shall remain unchanged until water use on the farm is no longer regulated under the BMP program.

H. Reporting Requirements

In addition to the information required to be submitted in the annual report required by A.R.S. § 45-632, the IGFR owner or any person entitled to use groundwater pursuant to that IGFR shall submit the following information on a form prescribed by the director by the date the annual report is due, regardless of whether an irrigation district files the annual report on behalf of the IGFR owner:

1. The name, address, and phone number of any person entitled to use groundwater on the farm unit.

2. Certification that all required BMPs have been implemented during the previous calendar year. Pursuant to A.A.C. R12-15-1013, the person submitting the form shall keep and maintain, for at least three calendar years following the filing of the form, current and accurate records verifying that the BMPs were implemented.

I. Duration of Regulation under BMP Program

1. Except as provided in paragraph 2 of this subsection, after the director approves an application for regulation under the BMP Program, the IGFR owner and any person entitled to use groundwater pursuant to that right shall be regulated under the BMP Program until the first compliance date for any substitute agricultural conservation requirement established in the Fourth Management Plan.

2. After the director approves an application for regulation under the BMP Program:

a. The owner of an IGFR included in the application may file with the director a written request to withdraw from the BMP Program. The director shall grant the request if the owner demonstrates to the satisfaction of the director that both of the following apply:

1) The owner of the IGFR desires to lease the land to which the IGFR is appurtenant to a lessee for a term of at least one year, but the owner has been unable to find a lessee willing to be regulated under the BMP Program, after making a good faith effort to find such a lessee.

2) The owner of the IGFR has found a person that will lease the land for a term of at least one year if the owner is allowed to withdraw from the BMP Program, and that person did not previously lease the land while the owner was regulated under the BMP Program.

b. A subsequent owner of the IGFR may file with the director a written request to withdraw from the BMP Program within 90 days after acquiring an ownership interest in the IGFR. The director shall grant the request unless the director determines that the transfer of ownership was made solely for the purpose of circumventing the provisions of paragraph 1 of this subsection, in which case the request shall be denied.

4-105. Conservation Requirements for Irrigation Distribution Systems

A. Applicability

The irrigation distribution system conservation requirements set forth in subsection B below apply to irrigation districts and private water companies which, as of January 1, 2000, distribute 20 percent or more of their total water deliveries for irrigation use.

B. Conservation Requirements

By January 1, 2002 or upon commencement of operation, whichever is later, and continuing thereafter until the first compliance date of any substitute requirement in the Fourth Management Plan, each irrigation district and private water company owning or operating an irrigation distribution system shall either:

1. *Line all canals used to deliver water for irrigation use with a material that allows no more lost water than a well-maintained concrete lining, or*

2. *Operate and maintain its distribution system so that the total quantity of lost and unaccounted for water is 10 percent or less of the total quantity of water from any source, including effluent, withdrawn, diverted, or received by the irrigation district or private water company on either a calendar year basis or a three-year average basis based on that calendar year and the two preceding calendar years.*

4-106. Monitoring and Reporting Requirements for Irrigation Districts and Private Water Companies

A. Applicability

The monitoring and reporting requirements set forth in subsection B below apply to irrigation districts and private water companies which, as of January 1, 2000, distribute 20 percent or more of their total water deliveries for irrigation use.

B. Monitoring and Reporting Requirements

For calendar year 2002 and for each calendar year thereafter until the compliance date for any substitute requirement in the Fourth Management Plan, each irrigation district and private water company owning or operating an irrigation distribution system shall submit in its annual report required by A.R.S. § 45-632, the following information as it applies to the irrigation district or private water company:

1. *A map showing the irrigation distribution system, including those portions which have lined canals and those portions which have unlined canals, unless a current map is on file with the Department.*

2. *The number of miles of lined canals and the number of miles of unlined canals in the irrigation distribution system.*

3. *The total quantity of water from any source, including effluent, which was withdrawn, diverted, or received by the irrigation district or private water company during the calendar year.*

4. *The total quantity of water from any source, including effluent, delivered by the irrigation district or private water company to all water users during the calendar year.*

5. *An estimate of the irrigation district's or private water company's total quantity of lost and unaccounted for water for the calendar year. This quantity shall be determined by a generally accepted engineering method.*

4-107. Remediated Groundwater Accounting for Conservation Requirements

A. Accounting

Groundwater withdrawn pursuant to an approved remedial action project under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) or Title 49, Arizona Revised Statutes, and used by a person subject to a conservation

requirement established under this chapter, shall be accounted for consistent with the accounting for surface water for purposes of determining the person's compliance with the conservation requirement, subject to the provisions of subsections B through D of this section.

B. Amount of Groundwater Eligible for Accounting

For each approved remedial action project, the annual amount of groundwater that is eligible for the remediated groundwater accounting is the project's annual authorized volume. The annual authorized volume for a remedial action project approved on or after June 15, 1999 is the maximum annual volume of groundwater that may be withdrawn pursuant to the project, as specified in a consent decree or other document approved by the United States Environmental Protection Agency (EPA) or the Arizona Department of Environmental Quality (ADEQ). The annual authorized volume for a project approved prior to June 15, 1999 is the highest annual use of groundwater withdrawn pursuant to the project prior to January 1, 1999, except that if a consent decree or other document approved by the EPA or ADEQ specifies the maximum annual volume of groundwater that may be withdrawn pursuant to the project, the project's annual authorized volume is the maximum annual volume of groundwater specified in that document. The director may modify the annual authorized volume for a remedial action project as follows:

1. *For an approved remedial action project associated with a treatment plant that was in operation prior to June 15, 1999, a person may request an increase in the annual authorized volume at the same time the notice is submitted pursuant to subsection C of this section. The director shall increase the annual authorized volume up to the maximum treatment capacity of the treatment plant if adequate documentation is submitted to the director demonstrating that an increase is necessary to further the purpose of the remedial action project and the increase is not in violation of the consent decree or other document approved by the EPA or ADEQ.*

2. *A person may request an increase in the annual authorized volume of an approved remedial action project at any time if it is necessary to withdraw groundwater in excess of the annual authorized volume to further the purpose of the project. The director shall increase the annual authorized volume up to the maximum volume needed to further the purpose of the project if adequate documentation justifying the increase is submitted to the director and the increase is not in violation of the consent decree or other document approved by the EPA or ADEQ.*

3. *The director shall modify the annual authorized volume of an approved remedial action project to conform to any change in the consent decree or other document approved by the EPA or ADEQ if the person desiring the modification gives the director written notice of the change within thirty days after the change. The notice shall include a copy of the legally binding agreement changing the consent decree or other document approved by the EPA or ADEQ.*

C. Notification

To qualify for the remediated groundwater accounting provided in subsection A of this section, the person desiring the accounting must notify the director in writing of

the anticipated withdrawal of groundwater pursuant to an approved remedial action project under CERCLA or Title 49, Arizona Revised Statutes, prior to the withdrawal. At the time the notice is given, the person desiring the accounting must be using remediated groundwater pursuant to the approved remedial action project or must have agreed to do so through a consent decree or other document approved by the EPA or ADEQ. The notice required by this subsection shall include all of the following:

1. *A copy of the document approved by ADEQ or the EPA, such as the Remedial Action Plan (RAP), Record of Decision (ROD) or consent decree, authorizing the remediated groundwater project. Unless expressly specified in the document, the person shall include in the notice the volume of groundwater that will be pumped annually pursuant to the project, the time period to which the document applies, and the annual authorized volume of groundwater that may be withdrawn pursuant to the project.*

2. *The purpose for which the remediated groundwater will be used.*

3. *The name and telephone number of a contact person.*

4. *Any other information required by the director.*

D. Monitoring and Reporting Requirements

To qualify for the remediated groundwater accounting for conservation requirements as provided in subsection A of this section, groundwater withdrawn pursuant to the approved remedial action project must be metered separately from groundwater withdrawn in association with another groundwater withdrawal authority for the same or other end use. A person desiring the remediated groundwater accounting for conservation requirements shall indicate in its annual report under A.R.S. § 45-632 the volume of water withdrawn and used during the previous calendar year that qualifies for the accounting

APPENDIX 4A
CONSUMPTIVE USE OF WATER BY CROPS AND EFFECTIVE PRECIPITATION
PRESCOTT ACTIVE MANAGEMENT AREA

Crop	Consumptive Use		Effective Precipitation (inches/acre)
	acre-inches	acre-feet	
Grain Crops			
Barley	23.0	1.92	6.6
Oats for Grain	26.0	2.17	3.7
Sorghum, Grain	22.0	1.83	4.8
Wheat, Winter	23.0	1.92	6.6
Pinto Beans	15.7	1.31	6.1
Corn, Grain	24.0	2.00	6.6
Forage Crops			
Alfalfa	41.0	3.42	7.2
Clover	37.0	3.08	7.2
Corn, Ensilage	22.0	1.83	4.8
Oats for Hay	20.0	1.67	3.7
Sorghum, Ensilage	21.0	1.75	6.6
Sudan/Sudex Grass	18.0	1.50	6.6
Permanent Pasture (fescue or tall wheat grass)	51.0	4.25	7.2
Native Pasture	18.0	1.50	7.2
Vegetable Crops			
Beets, Table	25.4	2.12	3.7
Carrots	15.8	1.31	3.7
Chili Peppers	32.7	2.72	6.1
Corn, Sweet	18.6	1.55	4.8
Cucumbers	19.4	1.61	6.1
Garlic	25.4	2.12	6.1
Onions, Dry	22.1	1.84	6.1
Onions, Green	16.6	1.39	3.7

APPENDIX 4A
CONSUMPTIVE USE OF WATER BY CROPS AND EFFECTIVE PRECIPITATION
PRESCOTT ACTIVE MANAGEMENT AREA

Crop	Consumptive Use		Effective Precipitation (inches/acre)
	acre-inches	acre-feet	
Potatoes	23.1	1.92	6.1
Tomatoes	25.4	2.12	6.1
Truck Crops	22.5	1.87	6.1
Fruit Crops			
Apricots	32.0	2.67	7.2
Peaches	32.0	2.67	7.2
Plums	32.0	2.67	7.2
Cherries	37.0	3.08	7.2
Apples	37.0	3.08	7.2
Grapes	29.0	2.42	7.2
Miscellaneous Crops			
Christmas Trees-Nursery Stock (Mondel and Scotch Pine)	27.0	2.25	7.2
Cut Flowers	22.1	1.84	

Sources: Consumptive Use of Water by Major Crops in the Southwestern United States, Conservation Research Report #29, Agricultural Research Service, United States Department of Agriculture (1982).

FAO Irrigation and Drainage Paper #24, Food and Agriculture Organization of the United Nations (revised 1977).

APPENDIX 4B
BEST MANAGEMENT PRACTICES PROGRAM
APPROVED BEST MANAGEMENT PRACTICES

BMP CATEGORY 1. WATER CONVEYANCE SYSTEM IMPROVEMENTS

Description: A farm's water conveyance system allows water to be conveyed from an irrigation district delivery point or a well head for irrigation of each field. This category includes water conveyance system improvements that qualify as approved BMPs.

Approved Water Conveyance Improvements

BMP 1.1 Concrete-lined ditch
A means of transporting water to farm fields via a concrete-lined ditch in order to minimize transmission losses through seepage.

BMP 1.2 Pipelines
Any type of low or high-pressure pipeline used to convey water to a farm field in order to reduce or eliminate water loss prior to the act of irrigation. Pipelines may be constructed of PVC, ABS, concrete, aluminum, and or steel.

BMP 1.3 Drainback system
Level irrigation system technology utilizing headland channel conveyance which is designed and maintained to "drain" excess water applications from one irrigated field to the next down gradient field.

Point Value Determination for BMP Category 1

An applicant for the BMP Program must select one or more of the water conveyance system improvement BMPs described above in the application for the BMP Program. A BMP may be selected only if it is being implemented on the farm at the time the application is filed. The total points for the BMP or BMPs selected in this category shall be calculated by estimating the percentage of the farm's irrigated acreage served by the selected BMP or BMPs, and then determining the point value for that percentage in the table below. For purposes of this determination, "irrigated acreage" means those acres within the farm that will be irrigated while the applicant is regulated under the BMP Program. If the applicant selects more than one BMP in this category, an acre shall not be counted twice in determining the total percentage of the farm's irrigated acreage served by the BMPs. In this category, the maximum number of points allowed is three and the minimum number is one.

Category 1: Water Conveyance System – Point Table

Percentage of the farm's total irrigated acreage served by the approved BMPs	Point Value
50-54	1.0
55-59	1.2
60-64	1.4
65-69	1.6
70-74	1.8
75-79	2.0
80-84	2.2
85-89	2.4
90-94	2.6
95-99	2.8
100	3.0

APPENDIX 4B
BEST MANAGEMENT PRACTICES PROGRAM
APPROVED BEST MANAGEMENT PRACTICES

BMP CATEGORY 2. FARM IRRIGATION SYSTEMS
Description: Farm irrigation systems are the methods by which a farm field is irrigated. Farm irrigation systems include slope, modified slope, level or near level, sprinkler, trickle or drip, or any combination thereof. This category includes farm irrigation systems that qualify as approved BMPs.
Approved Farm Irrigation Systems
BMP 2.1 Slope systems without uniform grades with tailwater reuse - (1 Point) Definition: Sloped fields without uniform grades with a constructed recovery system that allows for the reuse of water that runs off the end of the field after an irrigation event.
BMP 2.2 Uniform slope systems without tailwater reuse - (1 Point) Definition: Sloped fields that have been engineered to uniform grades with no means of reusing the water that runs off the end of the field after an irrigation event.
BMP 2.3 Uniform slope systems with tailwater reuse - (2 Points) Definition: Sloped fields that have been engineered to uniform grades with a constructed recovery system that allows for the reuse of water that runs off the end of the field after an irrigation event.
BMP 2.4 Uniform slope within an irrigation district that captures and redistributes return flows - (2 Points) Definition: Sloped fields that have been engineered to uniform grades enabling an irrigation district to collect the water that leaves a farm field after an irrigation event for distribution to another farm field.
BMP 2.5 Modified slope systems - (2 Points) Definition: Sloped fields that have been engineered to uniform grades in the upper portion of the field, with the bottom portion generally having a field slope of 0.0 to 0.2 feet of total fall in the direction of irrigation. All irrigation water is retained on the field.
BMP 2.6 High pressure sprinkler systems - (2 Points) Definition: Side-roll, linear, center-pivot, and solid set designs that operate at mainline water pressures of 10 pounds per square inch (psi) or more.
BMP 2.7 Near level systems - (2.5 Points) Definition: Sloped fields that have been engineered to uniform grades between 0.2 to 0.5 feet of total fall in the direction of irrigation over the entire length of the field. All irrigation water is retained on the field.
BMP 2.8 Level systems - (3 Points) Definition: Level border or level furrow system where the field slope may vary from 0.0 to 0.2 feet of total fall in the direction of irrigation over the entire length of the field. Either all irrigation water is retained on the field or a level drainback system is used.
BMP 2.9 Low pressure sprinkler systems - (3 Points) Definition: Linear and center-pivot sprinkler designs that operate at water pressures measured at the high end of the mainline of no greater than 10 psi.
BMP 2.10 Trickle irrigation systems - (3 Points) Definition: Pressurized drip or subsurface irrigation capable of applying precise amounts of water to the crop root zone (also referred to as drip irrigation).

APPENDIX 4B
BEST MANAGEMENT PRACTICES PROGRAM
APPROVED BEST MANAGEMENT PRACTICES

Point Value Determination for BMP Category 2
An applicant for the BMP Program must select one or more of the farm irrigation systems BMPs described above in the application for the BMP Program. A BMP may be selected only if it is being implemented on the farm at the time the application is filed. The points for a BMP selected in this category shall be calculated by multiplying the points assigned to the BMP as shown above by the percentage of the farm's irrigated acreage served by the irrigation system described in the BMP. For purposes of this determination, "irrigated acreage" means those acres within the farm that will be irrigated while the applicant is regulated under the BMP Program. If the applicant selects more than one BMP in this category, an acre shall not be counted twice in determining the total percentage of the farm's irrigated acreage served by the BMPs. In this category, the maximum number of points allowed is three and the minimum number is two.

BMP CATEGORY 3. IRRIGATION WATER MANAGEMENT
Description: Irrigation water management practices include management practices that, when implemented properly, will increase a farm's overall efficiency of water application in a growing season. This category includes irrigation water management practices that qualify as approved BMPs.
Approved Irrigation Water Management Practices
BMP 3.1 Laser touch-up - (1 Point) Definition: Annual re-establishment of precision laser grades to ensure good advancement of applied irrigation water. Must be applied to a minimum of 20 percent of the near level and level basin acreage irrigated the prior year.
BMP 3.2 Alternate row irrigation - (1 Point) Definition: The practice of irrigating every other cultivated row during either single or multiple irrigation events to minimize the surface area of applied water. Annually, must be used on at least 20 percent of the acreage irrigated in row crops for at least one irrigation.
BMP 3.3 Furrow checks - (1 Point) Definition: Manually applied or installed devices placed in rows to raise the water level in the row reducing the velocity to prevent erosion and enhance infiltration rates. Annually, must be used on at least 20 percent of irrigated acreage for at least one irrigation.
BMP 3.4 Angled rows/contour farming - (1 Point) Definition: Annual practice of reducing row fall through row angling and/or contouring to enhance water advancement and infiltration rates. This practice may also minimize or eliminate tailwater runoff. Annually, must be used on at least 20 percent of irrigated acreage.
BMP 3.5 Surge irrigation - (1 Point) Definition: The practice of applying irrigation water to a field by intermittent surges or pulses of water rather than by a continuous flow rate. The irrigation water advances down the field (or furrow), in stages, allowing uniform water penetration and avoiding tailwater runoff. A gradual sealing and soil conditioning occurs with each progressive surge allowing a more efficient water application. Annually, must be used on at least 20 percent of irrigated acreage.

APPENDIX 4B
BEST MANAGEMENT PRACTICES PROGRAM
APPROVED BEST MANAGEMENT PRACTICES

Approved Irrigation Water Management Practices (BMP Category 3 cont.)
BMP 3.6 Temporary sprinklers - (1 Point) Definition: Utilization of portable, roller and/or solid set sprinkler system for meeting pre-irrigation needs, seedling germination to establish a crop, and/or pre-harvest irrigation for maintaining crop quality. This practice reduces water use when compared to conventional flood irrigation techniques that require excessive water applications for seedling germination and/or crop quality. Annually, must be used on at least 20 percent of irrigated acreage.
BMP 3.7 Participation in an educational irrigation water management program - (1 Point) Definition: Enrollment in a private or Department sponsored educational irrigation water management program that includes irrigation water management topics such as soil water replacement needs, application rates, and irrigation scheduling. Annually, must participate in such a program throughout the entire crop season.
BMP 3.8 Participation in a consultant or irrigation district sponsored irrigation scheduling service - (1 Point) Definition: Enrollment in a consultant or Department sponsored irrigation scheduling service that provides recommendations on soil moisture monitoring, soil water replacement needs, irrigation application rates, and irrigation scheduling dates based on soil moisture monitoring or real-time evapotranspiration data. Annually, must participate in such a program throughout the entire crop season.
BMP 3.9 Participation in an irrigation district program to increase the flexibility of water deliveries - (1 Point) Definition: Enrollment in a cooperative program set up by the irrigation district to assist a farmer with timely irrigation deliveries and shut off, constant flow rates, and other water order guidelines developed by the irrigation district. Annually, must participate in such a program throughout the entire crop season.
BMP 3.10 Measure flow rates to determine the amount of water applied - (1 Point) Definition: Measure flow rates to determine the amount of water applied for each irrigation event on each field for the purpose of achieving good application efficiencies.
BMP 3.11 Soil moisture monitoring - (1 Point) Definition: Use of a number of accepted methods to monitor/measure soil moisture for the purpose of determining soil water replacement needs, application rates, and irrigation scheduling on each field (accepted methods may include core sampling, resistance blocks, neutron probe, tensiometers) throughout the entire crop season.
BMP 3.12 Computer based model using meteorological data - (1 Point) Definition: Use of a computer based irrigation scheduling program that incorporates real-time meteorological data (e.g. AZMET) for the purpose of determining irrigation event schedules on each field throughout the entire crop season.
Substitute Irrigation Water Management Practices
Substitute Practice - (1 Point) Definition: A new or existing irrigation water management practice not listed above that the director determines will likely result in water savings on the farm at least equivalent to the water savings that would result from implementation of one of the approved BMPs described in this category.

APPENDIX 4B
BEST MANAGEMENT PRACTICES PROGRAM
APPROVED BEST MANAGEMENT PRACTICES

Point Value Determination for BMP Category 3
An applicant for the BMP Program must select one or more of the irrigation water management BMPs described above in the application for the BMP Program. A BMP may be selected only if it will be implemented on an annual basis while the applicant is regulated under the BMP Program. In this category, the maximum number of points allowed is three and the minimum number is one.

BMP CATEGORY 4. AGRONOMIC MANAGEMENT
Description: Agronomic management practices include combinations of plant and soil management practices that, if implemented properly, will conserve water over the length of the growing season. This category includes agronomic management practices that qualify as approved BMPs.
Approved Agronomic Management Practices
BMP 4.1 Crop rotation - (1 point) Definition: Periodic rotation of crop types on a given farm field to ensure the non-degradation of soil tilth. Annually, at least 20 percent of the acreage irrigated the prior year needs to be rotated to a different crop.
BMP 4.2 Crop residue management - (1 point) Definition: Incorporation of crop residue into the soil profile to increase soil nutrients, soil water holding capacities, and increase the available soil moisture to a crop. Annually, must be employed on at least 20 percent of the total irrigated acreage.
BMP 4.3 Soil and water quality testing - (1 point) Definition: Annual soil testing to determine: 1) residual amounts of fertilizer, 2) soil salinity for leaching needs, and 3) water intake rates and water holding capacity. Soil testing is required on at least 50 percent of the irrigated acreage. Water quality testing for needs such as estimating leaching requirements or avoiding potential injury to crops. Testing must include a "blend" analysis of irrigation water used from all sources.
BMP 4.4 Pre-irrigation surface conditioning - (1 point) Definition: Mechanical means (i.e. driving rows, soil torpedoes, etc.) by which rows or borders are prepared prior to an initial irrigation to smooth flow of water to avoid unwanted deep percolation during dry conditions or to enhance water advancement rates. Annually, must be used on at least 20 percent of irrigated acreage.
BMP 4.5 Transplants - (1 point) Definition: Use of established seedlings transplanted into a field. This practice eliminates excessive applications of water to germinate crops in the field from seeds. Annually, must be used on at least 20 percent of irrigated acreage.
BMP 4.6 Mulching - (1 point) Definition: Use of organic matter or plastic sheets to cover plant beds (plastic mulch) and/or use of plastic material laid over hoops suspended above the plant beds (floatable row covers) to reduce evaporation losses. Annually, must be used on at least 20 percent of irrigated acreage.
BMP 4.7 Shaping furrow or bed - (1 point) Definition: Use of mechanical means such as a row former to make the bed profile more shallow to minimize time of infiltration and minimize the wetted surface area along the rows. Annually, must be used on at least 20 percent of irrigated acreage.

Approved Agronomic Management Practices (BMP Category 4 cont.)
BMP 4.8 Planting in bottom of furrow - (1 point) Definition: Practice of planting in the bottom of the furrow as opposed to planting along the top of the row bed to minimize impacts of salt build up and wetting (subbing) requirements for germination. Annually, must be used on at least 20 percent of irrigated acreage.
Substitute Agronomic Management Practices
Substitute Practice - (1 Point) Definition: A new or existing agronomic management practice not listed above that the director determines will likely result in water savings on the farm at least equivalent to the water savings that would result from implementation of one of the approved BMPs described in this category.
Point Value Determination for Category 4
An applicant for the BMP Program must select one or more of the agronomic management BMPs described above in the application for the BMP Program. A BMP may be selected only if it will be implemented on an annual basis while the applicant is regulated under the BMP Program. In this category, the maximum number of points allowed is three and the minimum number is one.

MODIFICATIONS TO CHAPTER 5,

MUNICIPAL CONSERVATION PROGRAM

THIRD MANAGEMENT PLAN

PRESCOTT ACTIVE MANAGEMENT AREA

The following are modifications to Chapter 5, "Municipal Conservation Program," of the management plan for the Prescott Active Management Area for the third management period. References are to Attachment No. 1 to the Final Order of Adoption dated December 13, 1999. Language added to an existing section is shown in upper case letters. Language deleted from an existing section is overstricken. When no change is made to an existing subsection or paragraph, "No Change" is indicated. Language included in the new section and appendices is shown in lower case letters.

Section 5.2.3

Section 5.2.3 of Chapter 5 is modified to read as follows:

"5.2.3 Conservation Requirements for Individual Users

In addition to requiring the director to establish conservation requirements for municipal providers, the Code requires the director to establish in the Third Management Plan "such other conservation measures as may be appropriate for individual users." A.R.S. § 45-566(A)(2). An "individual user" is a person or entity who receives water from a municipal provider for a non-irrigation use. In the Third Management Plan, the director has established conservation requirements for the following individual users: turf-related facilities, large-scale cooling facilities, and publicly-owned rights-of-way. ALL OF THESE REQUIREMENTS ARE SUBSTANTIALLY IDENTICAL TO INDUSTRIAL CONSERVATION REQUIREMENTS ESTABLISHED IN CHAPTER 6.

A municipal provider that receives notice of an individual user conservation requirement ESTABLISHED IN THE THIRD MANAGEMENT PLAN is responsible for complying with the requirement with respect to all individual users to which it serves water and to which the requirement applies, with two exceptions. First, THE MUNICIPAL PROVIDER IS NOT RESPONSIBLE FOR COMPLYING WITH THE REQUIREMENT WITH RESPECT TO AN INDIVIDUAL USER THAT IT HAS IDENTIFIED IN WRITING TO THE DEPARTMENT BY A SPECIFIED DATE. IF THE INDIVIDUAL USER WAS IN EXISTENCE WHEN THE THIRD MANAGEMENT PLAN WAS ADOPTED AND THE MUNICIPAL PROVIDER IDENTIFIED THE INDIVIDUAL USER TO THE DIRECTOR AT LEAST 90 DAYS BEFORE THE PLAN WAS ADOPTED, THE MUNICIPAL PROVIDER IS NOT RESPONSIBLE FOR COMPLYING WITH THE INDIVIDUAL USER REQUIREMENT WITH RESPECT TO THAT INDIVIDUAL USER AT ANY TIME. A.R.S. § 45-566(B). IF AN INDIVIDUAL USER COMES INTO EXISTENCE AFTER THE THIRD MANAGEMENT PLAN WAS ADOPTED AND THE MUNICIPAL PROVIDER IDENTIFIES THE INDIVIDUAL USER TO THE DEPARTMENT WITHIN 90 DAYS AFTER IT BEGINS SERVING WATER TO THE INDIVIDUAL USER, THE MUNICIPAL PROVIDER IS NOT RESPONSIBLE FOR COMPLYING WITH THE INDIVIDUAL USER REQUIREMENT WITH RESPECT TO THAT INDIVIDUAL USER AT ANY TIME. IF THE MUNICIPAL PROVIDER IDENTIFIES THE NEW INDIVIDUAL USER TO THE DEPARTMENT MORE THAN 90 DAYS AFTER IT BEGINS SERVING WATER TO THE USER, THE MUNICIPAL PROVIDER WILL BE RESPONSIBLE FOR COMPLYING WITH THE INDIVIDUAL USER REQUIREMENT WITH RESPECT TO THAT INDIVIDUAL USER BEGINNING ON THE DATE THE PROVIDER FIRST SERVES WATER TO THE USER AND CONTINUING THEREAFTER UNTIL THE END OF THE CALENDAR YEAR IN WHICH IT FIRST IDENTIFIES THE USER TO THE DEPARTMENT.

SECOND, the municipal provider is not responsible for complying with the requirement with respect to an individual user that has received notice of the requirement directly from the director. IF THE INDIVIDUAL USER WAS IN EXISTENCE WHEN THE THIRD MANAGEMENT PLAN WAS ADOPTED AND IT RECEIVED NOTICE OF THE REQUIREMENT WITHIN THIRTY DAYS AFTER THE PLAN WAS ADOPTED, THE MUNICIPAL PROVIDER IS NOT RESPONSIBLE FOR COMPLYING WITH THE REQUIREMENT AT ANY TIME. IF THE INDIVIDUAL USER WAS IN

EXISTENCE WHEN THE THIRD MANAGEMENT PLAN WAS ADOPTED AND IT RECEIVED NOTICE OF THE REQUIREMENT MORE THAN THIRTY DAYS AFTER THE PLAN WAS ADOPTED, THE MUNICIPAL PROVIDER WILL BE RESPONSIBLE FOR COMPLYING WITH THE REQUIREMENT BEGINNING ON JANUARY 1, 2002 AND CONTINUING THEREAFTER UNTIL THE FIRST DATE ON WHICH THE INDIVIDUAL USER IS RESPONSIBLE FOR COMPLYING WITH THE REQUIREMENT, UNLESS THE MUNICIPAL PROVIDER IDENTIFIED THE INDIVIDUAL USER TO THE DEPARTMENT IN WRITING WITHIN NINETY DAYS BEFORE THE PLAN WAS ADOPTED AS DESCRIBED IN THE PREVIOUS PARAGRAPH. A.R.S § 45-571.02. IF THE INDIVIDUAL USER WAS NOT IN EXISTENCE WHEN THE THIRD MANAGEMENT PLAN WAS ADOPTED, THE MUNICIPAL PROVIDER WILL BE RESPONSIBLE FOR COMPLYING WITH THE REQUIREMENT BEGINNING ON THE DATE THE PROVIDER FIRST SERVES WATER TO THE USER AND CONTINUING THEREAFTER UNTIL THE FIRST DATE ON WHICH THE INDIVIDUAL USER IS RESPONSIBLE FOR COMPLYING WITH THE REQUIREMENT, UNLESS THE MUNICIPAL PROVIDER IDENTIFIED THE INDIVIDUAL USER TO THE DEPARTMENT IN THE MANNER DESCRIBED IN THE PREVIOUS PARAGRAPH.~~In that case, the individual user is responsible for complying with the requirement. Second, if the requirement is substantially identical to an industrial conservation requirement, the municipal provider is not responsible for complying with the requirement with respect to an individual user which it has identified in writing to the Department by a specified date. If the individual user was in existence when the management plan was adopted, the municipal provider must have identified the individual user to the Department at least 90 days before the management plan was adopted. A.R.S. § 45-566(B). If the individual user came into existence after the management plan was adopted, the municipal provider must identify the individual user to the Department within 90 days after it begins serving water to the individual user. If the municipal provider identifies a new individual user to the Department more than 90 days after it begins serving water to the individual user, the municipal provider will be responsible for complying with the individual user requirement until the end of the year in which it first identifies the user to the Department.~~ See section 5-111 of the municipal conservation requirements."

Reason for Modification: This modification conforms the language in the Third Management Plan regarding responsibility for compliance with individual user conservation requirements to legislation enacted in 2002. That legislation amended A.R.S. § 45-571.02 to provide that: 1) the director may give notice of an individual user requirement to an existing individual user (an individual user in existence when the management plan was adopted) more than thirty days after the management plan was adopted; and 2) if the director gives notice of an individual user requirement to an existing individual user more than thirty days after adoption of a management plan, the individual user shall comply with the requirement by January 1 of the calendar year following the first full year after the date of the notice and a municipal provider responsible for complying with the requirement at the time the notice is given shall continue complying with the requirement until the first date on which the individual user is required to comply with the requirement. Laws 2002, Ch. 133, § 2.

Subsection 5.7.1.2.2

Subsection 5.7.1.2.2 of Chapter 5 is modified to read as follows:

"5.7.1.2.2 Reasonable Conservation Measures

A set of standard Residential, Non-Residential, and Education RCMs were developed by the Department with the aid of an advisory group made up of conservation program experts from the regulated community. Each RCM prescribes actions that must be taken by the provider to achieve water use efficiencies in each sector. Providers who have already implemented these measures will be required to implement additional conservation measures, consistent with the conservation potential for their service area, to qualify for the program. The Standard RCMs are outlined below. Additional substitute RCMs (Appendix 5D.4) were developed to allow a provider to develop a conservation program that meets the characteristics of its service area. In order for a provider to use a substitute RCM in place of a Standard

RCM, the provider must apply to the director ~~and~~ IF THE REQUESTED SUBSTITUTE RCM IS IN THE SAME WATER USE CATEGORY AS THE STANDARD RCM OR IS A SYSTEM-RELATED SUBSTITUTE RCM, THE PROVIDER MUST demonstrate that the substitute RCM will be designed to achieve a water use efficiency THAT IS equivalent to the Standard RCM. IF THE REQUESTED SUBSTITUTE RCM IS IN A DIFFERENT WATER USE CATEGORY THAN THE STANDARD RCM AND IS NOT A SYSTEM-RELATED SUBSTITUTE RCM, THE PROVIDER MUST DEMONSTRATE THAT THE SUBSTITUTE RCM WILL BE DESIGNED TO ACHIEVE A WATER USE EFFICIENCY THAT IS GREATER THAN THE STANDARD RCM. THE DIRECTOR WILL NOT APPROVE A SUBSTITUTION OF STANDARD RCMS THAT WOULD RESULT IN THE PROVIDER IMPLEMENTING NO RCMS IN A WATER USE CATEGORY.

Standard RCMs

A. Residential Interior

1. [No change]
2. [No change]

B. Residential Exterior

1. [No change]
2. [No change]
3. [No change]
4. [No change]
5. [No change]

C. Non-Residential Interior

1. [No change]
2. [No change]
3. [No change]

D. Non-Residential Exterior

1. [No change]
2. [No change]

E. Education

1. [No change]"

Reason for Modification: As originally adopted, the Non-Per Capita Conservation Program allowed a municipal provider to replace a standard RCM in a water use category with a substitute RCM only if the substitute RCM was in the same water use category or was a system-related substitute RCM. A provider was not allowed to replace a standard RCM with a substitute RCM from a different water use category. The Non-Per Capita Conservation Program Advisory Group, a group comprised of members of the regulated community and department staff, identified the limited ability to substitute RCMs as a factor that could limit the ability for a municipal water provider to include effective conservation programs in its Non-Per Capita Conservation Program agreements. This modification allows a municipal provider to replace a standard RCM with an RCM from another water use category if the director determines that the substitute RCM will result in a water use efficiency that is greater than that of the standard RCM. To maintain compliance with existing statutory requirements, the director will not approve a substitution of standard RCMs in a water use category if it would result in the provider implementing no RCMs in that water use category.

Section 5-104

Section 5-104 of Chapter 5 is modified to read as follows:

"5-104. Non-Per Capita Conservation Program

A. Eligibility for the Non-Per Capita Conservation Program

[No change]

B. Application for Non-Per Capita Conservation Program

A large municipal provider's application for the Non-Per Capita Conservation Program must be approved by the provider's governing body, and must include the following:

1. *A description and evaluation, including implementation dates, of the provider's existing conservation programs.*

2. *A description of conservation programs the provider intends to implement if approved for the Non-Per Capita Conservation Program, including a time schedule for implementing the programs.*

3. *If the provider is applying for the Non-Per Capita Conservation Program under subsection A, paragraph 3, a water supply plan demonstrating that the provider will reduce the proportion of mined groundwater supplied by it within its service area to the proportions described in that subparagraph, and that it will deliver no mined groundwater after January 1, 2010.*

4. *If the provider intends to comply with subsection D of this section by implementing one or more substitute RCMs in lieu of a standard RCM, or if the provider requests the director to modify a level of conservation potential for the provider's service area pursuant to subsection D, paragraph 1, subparagraph a of this section, an analysis of water use within the provider's service area which includes all of the following:*

    a. *If the provider intends to implement one or more substitute RCMs,* FROM EITHER THE SAME WATER USE CATEGORY OR A SYSTEM-RELATED SUBSTITUTE RCM, *information demonstrating that the substitute RCM or RCMs will be designed to achieve a water use efficiency within the provider's service area equivalent to the efficiency that would result from implementation of the standard RCM or RCMs.* IF THE PROVIDER INTENDS TO IMPLEMENT ONE OR MORE SUBSTITUTE RCMS THAT ARE NOT FROM THE SAME WATER USE CATEGORY OR SYSTEM-RELATED SUBSTITUTE RCMS, INFORMATION DEMONSTRATING THAT THE SUBTITUTE RCM OR RCMS WILL BE DESIGNED TO ACHIEVE A WATER USE EFFICIENCY WITHIN THE PROVIDER'S SERVICE AREA THAT IS GREATER THAN THE EFFICIENCY THAT WOULD RESULT FROM THE IMPLEMENTATION OF THE STANDARD RCM OR RCMS.

    b. *The amount of water used each month during the past three years by each of the following water use sectors, as applicable: (1) residential (disaggregated by single family and multifamily), (2) commercial, (3) industrial, (4) turf-related facilities, (5) government, (6) construction, (7) distribution system losses, and (8) any other uses. The provider is not required to include this information if it has already been reported to the Department.*

    c. *An identification and evaluation of the water use sectors described in item b) of this subparagraph that have the highest water conservation potential.*

5. *If the provider is requesting an individual incidental recharge factor under subsection C, paragraph 2 of this section:*

   a. *A copy of a hydrological study which demonstrates the amount of water withdrawn, diverted or received for delivery by the provider for use within its service area during each of the preceding five years and the amount of incidental recharge that was attributable to the provider during those years. The study shall be prepared consistent with the methodology contained in Appendix 5E.*

   b. *A copy of a hydrological study projecting the average annual amount of water that will be withdrawn, diverted or received for delivery by the provider for use within its service area during the management period and the average annual amount of incidental recharge that will be attributable to the provider during the management period.*

6. *Any other information required by the director.*

C. Incidental Recharge Factor

[No change]

D. Criteria for Approval of Application

A large municipal provider that applies for the Non-Per Capita Conservation Program shall be approved for the program only if all of the following conditions are satisfied, as applicable:

1. *The provider agrees in writing to implement RCMs that the director determines will, if properly implemented, result in the achievement of a water use efficiency within the provider's service area equivalent to the water use efficiency assumed in the provider's total GPCD requirements for the third management period. To comply with this requirement, the provider must agree in writing to implement the following RCMs for the following water use categories and programs beginning on a date agreed upon by the director and the provider:*

   a. *Residential Water Use*

      1) *<u>Residential interior water use category</u> - The provider shall agree in writing to implement the residential interior standard RCMs described in Appendix 5D.1. In lieu of implementing one or both of the standard RCMs, the provider may agree to implement*: A) *one or more of the residential interior substitute RCMs or system-related substitute RCMs listed in the substitute RCM list described in Appendix 5D.4 if the director determines that the substitute RCM or RCMs will be designed to achieve a water use efficiency within the provider's service area equivalent to the efficiency that would result from implementation of the standard RCM* OR RCMS; OR B) ONE OR MORE SUBSTITUTE RCMS THAT ARE NOT RESIDENTIAL INTERIOR SUSTITUTE RCMS OR SYSTEM-RELATED SUBSTITUTE RCMS IF THE DIRECTOR DETERMINES THAT THE SUBTITUTE RCM OR RCMS WILL BE DESIGNED TO ACHIEVE A WATER USE EFFICIENCY WITHIN THE PROVIDER'S SERVICE AREA THAT IS GREATER THAN THE EFFICIENCY THAT WOULD RESULT FROM THE IMPLEMENTATION OF THE STANDARD RCM OR RCMS. THE DIRECTOR SHALL NOT APPROVE A SUBSTITUTION OF THE STANDARD RESIDENTIAL INTERIOR WATER USE RCMS IF THE

SUBSTITUTION WOULD RESULT IN THE PROVIDER IMPLEMENTING NO RCMS IN THE RESIDENTIAL INTERIOR WATER USE CATEGORY.

2) *<u>Residential exterior water use category</u> - The provider shall agree in writing to implement the residential exterior standard RCMs described in Appendix 5D.1. In lieu of implementing one or more of the standard RCMs, the provider may agree to implement*: A) *one or more of the residential exterior substitute RCMs or system-related substitute RCMs listed in the substitute RCM list described in Appendix 5D.4 if the director determines that the substitute RCM or RCMs will be designed to achieve a water use efficiency within the provider's service area equivalent to the efficiency that would result from implementation of the standard RCM* OR RCMS*;* OR B*)* ONE OR MORE SUBSTITUTE RCMS THAT ARE NOT RESIDENTIAL EXTERIOR SUBSTITUTE RCMS OR SYSTEM-RELATED SUBSTITUTE RCMS IF THE DIRECTOR DETERMINES THAT THE SUBSTITUTE RCM OR RCMS WILL BE DESIGNED TO ACHIEVE A WATER USE EFFICIENCY WITHIN THE PROVIDER'S SERVICE AREA THAT IS GREATER THAN THE EFFICIENCY THAT WOULD RESULT FROM THE IMPLEMENTATION OF THE STANDARD RCM OR RCMS. THE DIRECTOR SHALL NOT APPROVE A SUBSTITUTION OF THE STANDARD RESIDENTIAL EXTERIOR WATER USE RCMS IF THE SUBSTITUTION WOULD RESULT IN THE PROVIDER IMPLEMENTING NO RCMS IN THE RESIDENTIAL EXTERIOR WATER USE CATEGORY.

3) *<u>Implementation level</u> - The provider shall agree to implement residential interior or exterior RCMs for existing residential customers at the implementation level (minimum, moderate or maximum) that corresponds to the level of conservation potential that the director determined existed for interior and exterior water use by existing residential users within the provider's service area when the director established the provider's total GPCD requirements for the third management period, as shown in Table 5-104.D.*

   The director may modify a level of conservation potential shown for a provider in Table 5-104.D if the provider requests a modification in an application for administrative review pursuant to A.R.S. § 45-575(A) or in the provider's application for regulation under the Non-Per Capita Conservation Program, and the provider demonstrates that the level of conservation potential shown in Table 5-104.D is not accurate for the provider's service area. A provider requesting a modification of a level of conservation potential shall submit to the director a water use analysis containing the information described in subsection B, paragraph 4, of this section.

b. *Non-Residential Water Use*

1) *<u>Non-residential interior water use category</u> - The provider shall agree in writing to implement the non-residential interior standard RCMs described in Appendix 5D.2. In lieu of implementing one or more of the standard RCMs, the provider may agree to implement:* A) *one or more of the non-residential interior substitute RCMs or system-related RCMs listed in the substitute RCM list described in Appendix 5D.4 if the director determines that the substitute RCM or RCMs will be designed to achieve a water use efficiency within the provider's service area equivalent to the efficiency that would result from implementation of the standard RCM* OR RCMS; OR B) ONE OR MORE SUBSTITUTE RCMS THAT ARE NOT NON-RESIDENTIAL INTERIOR SUBSTITUTE RCMS OR SYSTEM-RELATED SUBSTITUTE RCMS IF THE DIRECTOR DETERMINES THAT THE SUBSTITUTE RCM OR RCMS WILL BE DESIGNED TO ACHIEVE A

WATER USE EFFICIENCY WITHIN THE PROVIDER'S SERVICE AREA THAT IS GREATER THAN THE EFFICIENCY THAT WOULD RESULT FROM THE IMPLEMENTATION OF THE STANDARD RCM OR RCMS. THE DIRECTOR SHALL NOT APPROVE A SUBSTITUTION OF THE STANDARD NON-RESIDENTIAL INTERIOR WATER USE RCMS IF THE SUBSTITUTION WOULD RESULT IN THE PROVIDER IMPLEMENTING NO RCMS IN THE NON-RESIDENTIAL INTERIOR WATER USE CATEGORY.

2) *Non-residential exterior water use category - The provider shall agree in writing to implement the non-residential exterior standard RCMs described in Appendix 5D.2. In lieu of implementing one or both of the standard RCMs, the provider may agree to implement:* A) *one or more of the non-residential exterior substitute RCMs or system-related RCMs listed in the substitute RCM list described in Appendix 5D.4 if the director determines that the substitute RCM or RCMs will be designed to achieve a water use efficiency within the provider's service area equivalent to the efficiency that would result from implementation of the standard RCM* OR RCMS; OR B) ONE OR MORE SUBSTITUTE RCMS THAT ARE NOT NON-RESIDENTIAL EXTERIOR WATER USE RCMS OR SYSTEM-RELATED SUBSTITUTE RCMS IF THE DIRECTOR DETERMNES THAT THE SUBTITUTE RCM OR RCMS WILL BE DESIGNED TO ACHIEVE A WATER USE EFFICIENCY WITHIN THE PROVIDER'S SERVICE AREA THAT IS GREATER THAN EQUIVALENT TO THE EFFICIENCY THAT WOULD RESULT FROM THE IMPLEMENTATION OF THE STANDARD RCM OR RCMS. THE DIRECTOR SHALL NOT APPROVE A SUBSTITUTION OF THE STANDARD NON-RESIDENTIAL EXTERIOR WATER USE RCMS IF THE SUBSTITUTION WOULD RESULT IN THE PROVIDER IMPLEMENTING NO RCMS IN THE NON-RESIDENTIAL EXTERIOR WATER USE CATEGORY.

c. Public Education Program

The provider shall agree in writing to implement the education standard RCM described in Appendix 5D.3. In lieu of implementing the standard RCM, the provider may agree to implement one or more of the education substitute RCMs listed in the substitute RCM list described in Appendix 5D.4. The substituted RCM or RCMs must not duplicate other RCMs that the provider will implement as part of the Non-Per Capita Conservation Program.

2. [No change]

3. [No change]

4. [No change]

5. [No change]

E. Non-Per Capita Conservation Program Requirements

[No change]"

Reason for Modification: As originally adopted, the Non-Per Capita Conservation Program allowed a municipal provider to replace a standard RCM in a water use category with a substitute RCM only if the substitute RCM was in the same water use category or was a system-related substitute RCM. A provider

was not allowed to replace a standard RCM with a substitute RCM from a different water use category. The Non-Per Capita Conservation Program Advisory Group, a group comprised of members of the regulated community and department staff, identified the limited ability to substitute RCMs as a factor that could limit the ability for a municipal water provider to include effective conservation programs in its Non-Per Capita Conservation Program agreements. This modification allows a municipal provider to replace a standard RCM with an RCM from another water use category if the director determines that the substitute RCM will result in a water use efficiency that is greater than that of the standard RCM. To maintain compliance with existing statutory requirements, the director will not approve a substitution of standard RCMs in a water use category if it would result in the provider implementing no RCMs in that water use category.

Section 5-111

Section 5-111 of Chapter 5 is modified to read as follows:

"5-111. Individual User Requirements for Municipal Providers and Individual Users

A. *Individual User Requirements*

~~*Beginning January 1, 2002, or upon commencement of service of water, whichever is later, and for each calendar year thereafter until the first compliance date for any substitute requirement in the Fourth Management Plan, the*~~ THE *municipal provider or individual user responsible for compliance with the individual user requirements under subsection B of this section shall comply with the following, as applicable:*

1. *The municipal provider or individual user shall serve water to, or use water within, a turf-related facility only in accordance with sections 6-302 through 6-305 of the Industrial Chapter of the Third Management Plan, and shall comply with the monitoring and reporting requirements set forth in section 6-203 of the Industrial Chapter, as though the individual user were an industrial user. The person responsible for compliance shall also comply with the requirements contained in section 6-202 of the Industrial Chapter, if applicable, as though the individual user were an industrial user.*

2. *The municipal provider or individual user shall serve water to, or use water within, a large-scale cooling facility only if the person using water at the facility complies with all applicable conservation requirements contained in sections 6-502 and 6-503 of the Industrial Chapter of the Third Management Plan as though the person was an industrial user. The person responsible for compliance shall also comply with the applicable monitoring and reporting requirements contained in section 6-203 and the conservation requirements contained in section 6-202 of the Industrial Chapter, if applicable, as though the individual user were an industrial user.*

3. *The municipal provider or individual user shall serve or use groundwater for the purpose of watering landscaping plants planted on or after January 1, 1987 within any publicly owned right-of-way of a highway, street, road, sidewalk, curb or shoulder which is used for travel in any ordinary mode, including pedestrian travel, only if the plants are listed in Appendix 5F. The director may waive this requirement upon request from the municipal provider or individual user if* ~~*a waiver of this requirement is in the public interest.*~~ THE MUNICIPAL PROVIDER OR INDIVIDUAL USER DEMONSTRATES TO THE SATISFACTION OF THE DIRECTOR THAT PLANTS LISTED IN APPENDIX 5F, LOW WATER USE PLANT LIST FOR THE PRESCOTT ACTIVE MANAGEMENT AREA, OR ANY SUBSEQUENT MODIFICATIONS TO THE LOW WATER USE PLANT LIST, CANNOT GROW IN THE PUBLICLY OWNED RIGHT-OF-WAY BECAUSE OF HIGH ELEVATION OR LOW-LIGHT CONDITIONS,

SUCH AS A FREEWAY UNDERPASS. *This requirement does not apply to any portion of a residential lot that extends into a publicly owned right-of-way.*

4. *The municipal provider or individual user shall not serve or use groundwater for the purpose of maintaining a water feature installed after January 1, 2002 within any publicly owned right-of-way of a highway, street, road, sidewalk, curb or shoulder which is used for travel in any ordinary mode, including pedestrian travel.* ~~*The director may waive this requirement upon request from the municipal provider or individual user if a waiver of this requirement is in the public interest*~~*. This requirement does not apply to any portion of a residential lot that extends into a publicly owned right-of-way*.

B. *Responsibility for Compliance with Individual User Requirements*

1. BEGINNING JANUARY 1, 2002, AND CONTINUING THEREAFTER UNTIL THE FIRST COMPLIANCE DATE FOR ANY SUBSTITUTE REQUIREMENT IN THE FOURTH MANAGEMENT PLAN, *A municipal provider shall be responsible for complying with an individual user requirement set forth in subsection A of this section for an existing individual user unless one of the following applies:*

   a. *The provider identified the existing individual user to the director on a form provided by the Department and received by the director no later than 90 days before the adoption of the Third Management Plan.*

   b. *The director gave written notice of the individual user requirement to the individual user within 30 days after the adoption of the Third Management Plan.*

   c. THE MUNICIPAL PROVIDER DID NOT IDENTIFY THE EXISTING INDIVIDUAL USER TO THE DIRECTOR ON A FORM PROVIDED BY THE DEPARTMENT AND RECEIVED BY THE DIRECTOR NO LATER THAN 90 DAYS BEFORE THE ADOPTION OF THE THIRD MANAGEMENT PLAN, AND THE DIRECTOR GAVE WRITTEN NOTICE OF THE INDIVIDUAL USER REQUIREMENT TO THE INDIVIDUAL USER MORE THAN 30 DAYS AFTER THE ADOPTION OF THE THIRD MANAGEMENT PLAN. IF THIS SUBPARAGRAPH APPLIES, THE MUNICIPAL PROVIDER SHALL COMPLY WITH THE INDIVIDUAL USER REQUIREMENT FOR THE EXISTING INDIVIDUAL USER BEGINNING JANUARY 1, 2002 AND CONTINUING THEREAFTER UNTIL THE FIRST DATE ON WHICH THE INDIVIDUAL USER IS REQUIRED TO COMPLY WITH THE REQUIREMENT UNDER PARAGRAPH 2 OF THIS SUBSECTION.

2. *An existing individual user that has been given written notice of an individual user requirement by the director* WITHIN THIRTY DAYS AFTER THE ADOPTION OF THE THIRD MANAGEMENT PLAN *shall be responsible for complying with the individual user requirement beginning on the date specified in the notice* AND CONTINUING THEREAFTER UNTIL THE FIRST COMPLIANCE DATE OF ANY SUBSTITUTE CONSERVATION REQUIREMENT IN THE FOURTH MANAGEMENT PLAN. AN EXISTING INDIVIDUAL USER THAT IS GIVEN WRITTEN NOTICE OF AN INDIVIDUAL USER REQUIREMENT BY THE DIRECTOR MORE THAN 30 DAYS AFTER ADOPTION OF THE THIRD MANAGEMENT PLAN SHALL BE RESPONSIBLE FOR COMPLYING WITH THE INDIVIDUAL USER REQUIREMENT BEGINNING JANUARY 1 OF THE CALENDAR YEAR FOLLOWING THE FIRST FULL YEAR AFTER THE DATE OF THE NOTICE AND CONTINUING THEREAFTER UNTIL THE FIRST COMPLIANCE DATE OF ANY SUBSTITUTE CONSERVATION REQUIREMENT IN THE FOURTH MANAGEMENT PLAN.

3. *A municipal provider shall be responsible for complying with an individual user requirement set forth in subsection A of this section for a new individual user* BEGINNING JANUARY 1, 2002, OR THE DATE THE NEW INDIVIDUAL USER FIRST RECEIVES WATER FROM THE PROVIDER, WHICHEVER IS LATER, AND CONTINUING THEREAFTER UNTIL THE FIRST COMPLIANCE DATE FOR ANY SUBSTITUTE CONSERVATION REQUIREMENT IN THE FOURTH MANAGEMENT PLAN, *unless one of the following applies:*

   a. *The municipal provider identifies the new individual user to the director on a form provided by the Department. If the provider identifies the new individual user to the director within 90 days after the provider begins serving water to the new individual user, the municipal provider shall not be responsible for complying with the individual user requirement* FOR THE NEW INDIVIDUAL USER *at any time. If the provider identifies the new individual user to the director more than 90 days after the provider begins serving water to the new individual user, the provider shall be responsible for complying with the individual user requirement* FOR THE NEW INDIVIDUAL USER *beginning on the date the new individual user first receives water from the provider until the end of the calendar year in which the provider identifies the individual user to the director.*

   b. THE MUNICIPAL PROVIDERS DID NOT IDENTIFY THE NEW INDIVIDUAL USER TO THE DIRECTOR ON A FORM PROVIDED BY THE DEPARTMENT AND ~~*The*~~ THE *director has given written notice of the individual user requirement to the individual user* ~~*and the individual user is responsible for complying with the requirement*~~*.* IF THIS SUBPARAGRAPH APPLIES, THE MUNICIPAL PROVIDER SHALL COMPLY WITH THE INDIVIDUAL USER REQUIREMENT FOR THE NEW INDIVIDUAL USER BEGINNING JANUARY 1, 2002, OR THE DATE THE INDIVIDUAL USER FIRST RECEIVES WATER FROM THE PROVIDER, WHICHEVER IS LATER, AND CONTINUING THEREAFTER UNTIL THE FIRST DATE ON WHICH THE INDIVIDUAL USER IS REQUIRED TO COMPLY WITH THE REQUIREMENT UNDER PARAGRAPH 4 OF THIS SUBSECTION.

4. *A new individual user that has been given written notice of an individual user requirement by the director shall be responsible for complying with the individual user requirement beginning on the date specified in the notice.*

C. Notification of New Individual User by Municipal Provider

[No change]"

<u>Reason for modifications</u> – These modifications make conforming changes to the language in the Third Management Plan regarding responsibility for compliance with individual user conservation requirements to legislation enacted in 2002. That legislation amended A.R.S. § 45-571.02 to provide that: 1) the director may give notice of an individual user requirement to an existing individual user (an individual user in existence when the management plan was adopted) more than thirty days after the management plan was adopted; and 2) if the director gives notice of an individual user requirement to an existing individual user more than thirty days after adoption of a management plan, the individual user shall comply with the requirement by January 1 of the calendar year following the first full year after the date of the notice and a municipal provider responsible for complying with the requirement at the time the notice is given shall continue complying with the requirement until the first date on which the individual user is required to comply with the requirement. Laws 2002, Ch. 133, § 2.

These modifications also change the criteria for obtaining a waiver from the landscape requirement for publicly owned rights-of-way. Under the new language a waiver will be granted only upon a demonstration that plants listed on the Low Water Use Plant List will not grow in the right-of-way because of high elevation or low-light conditions. The language allowing a municipal provider or individual user to obtain a waiver from the provision prohibiting the service of groundwater to new water features in public rights-of-way if the waiver is in the public interest was deleted because the Department determined that such a waiver would not be appropriate under any circumstances.

Appendix 5-D.1

Appendix 5-D.1 of Chapter 5 is modified to read as follows:

"RESIDENTIAL INTERIOR
STANDARD REASONABLE CONSERVATION MEASURE

WATER AUDIT AND FIXTURE RETROFIT PROGRAM FOR EXISTING RESIDENTIAL CUSTOMERS
Description: *Water provider staff or hired consultants visit residences, or resident performs self-audit, to examine water use practices, detect leaks, make recommendations for improved efficiency, and install retrofit devices. Water use reduction from installation of devices depends on the life of the device; for example, toilet flapper normally lasts about five years.*
Implementation Levels: *Minimum Conservation Potential: The provider shall notify all existing residential customers of the availability of a self-audit and retrofit kit. The provider shall distribute a kit to all customers who request one. Moderate Conservation Potential: The provider shall perform minimum level requirement, plus a minimum of 10 percent of all pre-1980 housing units shall be audited and retrofitted, free of charge to the customer, by January 1, 2010 either by the homeowner or by a trained auditor. Maximum Conservation Potential: The provider shall perform minimum level requirement, plus a minimum of 20 percent of all pre-1980 housing units shall be audited and retrofitted, free of charge to the customer, by January 1, 2010 either by the homeowner or by a trained auditor.* FOR BOTH MODERATE AND MAXIMUM CONSERVATION POTENTIAL, AN AUDIT/RETROFIT SHALL COUNT TOWARD THE REQUIRED NUMBER OF AUDITS/RETROFITS ONLY IF SUCCESSFUL COMPLETETION OF THE AUDIT/RETROFIT IS VERFIED BY THE PROVIDER IN ONE OF THE FOLLOWING WAYS: 1) BY THE PROVIDER'S RECEIPT OF EITHER THE COMPLETED AUDIT OR THE REPORT OF THE COMPLETED AUDIT; 2) BY THE PROVIDER'S RECEIPT OF E-MAIL OR TELEPHONE VERIFICATION FROM THE AUDITED PARTY; 3) RESPONSE FROM THE AUDITED PARTY OR ANY OTHER METHOD MUTUALLY AGREED UPON BETWEEN THE PROVIDER AND THE DIRECTOR. *The self-audit and retrofit kit shall include, at a minimum, toilet leak detection dye tabs, instructions on measuring flow from fixtures, leak repair and fixture replacement instructions, advice on behavioral changes to save water, a toilet conservation device, a low flow showerhead, and faucet aerators. The audit shall include measurement of flow rates from plumbing fixtures and a check for leaks.* *The housing units audited or retrofitted to meet this requirement shall not include any housing unit that was audited or retrofitted prior to acceptance into this program for the third management period unless the water use of the housing unit is inefficient.*
Monitoring and Reporting Requirements: *The Annual Report required by A.R.S. § 45-632 shall include a report containing information as agreed to at the time of acceptance into the Non-Per Capita Conservation Program sufficient to assess program effectiveness, including information on the method(s) used to contact customers, the annual number of audits and retrofits performed and self-audit kits sent out, and an estimate of the number and volume of leaks found and repaired,* PLUS A FOLLOW-UP SURVEY OF A STATISTICALLY SIGNIFICANT SAMPLE OF THOSE AUDITED, AS AGREED TO BY THE DIRECTOR, TO DETERMINE IF AUDITED CUSTOMERS HAVE IMPLEMENTED ANY CHANGES IN INTERIOR USE HABITS .

Reason for Modification: This RCM was modified in two ways. First, language was added to clarify that only those audits/retrofits that are verified by the provider as having been successfully completed will

count toward the required number of audits/retrofits. Although this was the Department's policy, it was not clearly stated in the RCM. Second, language was added to require that the provider conduct a follow-up survey of a statistically significant sample of audited customers to determine if they have implemented any changes in interior water use habits. A similar requirement was included in the RCM entitled "Audit Program For Existing Residential Customers," but was inadvertently left out of this RCM when it was originally adopted.

RESIDENTIAL INTERIOR
STANDARD REASONABLE CONSERVATION MEASURE

ORDINANCE OR CONDITION OF NEW SERVICE PROHIBITING INSTALLATION OR REPLACEMENT OF PLUMBING FIXTURES IN RESIDENTIAL HOUSING UNITS UNLESS FIXTURES MEET WATER SAVING STANDARDS
[No change]

RESIDENTIAL EXTERIOR
STANDARD REASONABLE CONSERVATION MEASURE

AUDIT PROGRAM FOR EXISTING RESIDENTIAL CUSTOMERS

Description: *Trained auditors visit residences to examine outdoor water use practices, or materials are supplied for a self-audit of outdoor water use practices. Areas of emphasis are irrigation scheduling advice, sprinkler and drip systems inspection, evaporative cooler inspection, information on improving water retaining capacity of the soil, information on water-conserving landscapes, such as Xeriscape™ or comparable information, and swimming pool maintenance and evaporation control (i.e., pool covers). This program shall be designed to target those customers with the greatest conservation potential.*

Implementation Levels: *Minimum Conservation Potential: The provider shall notify all existing residential customers of the availability of an exterior water use self-audit packet. The packet shall include at a minimum information on checking irrigation systems for efficiency and leaks, information on checking evaporative coolers for efficiency and leaks, irrigation schedules, and information on water-conserving landscapes, such as Xeriscape™ or comparable information. The provider shall distribute a packet to all customers who request one. Moderate Conservation Potential: The provider shall implement the minimum level program plus 5 percent of total housing units in existence when the provider is accepted into this program shall be audited either by the homeowner or a trained auditor free of charge to the customer. Audits shall be completed by January 1, 2010. Maximum Conservation Potential: The provider shall implement the minimum level program plus 10 percent of total housing units in existence when the provider is accepted into this program shall be audited either by the homeowner or a trained auditor free of charge to the customer. The audits shall be completed by January 1, 2010.* FOR BOTH MODERATE AND MAXIMUM CONSERVATION POTENTIAL, AN AUDIT SHALL COUNT TOWARD THE REQUIRED NUMBER OF AUDITS ONLY IF SUCCESSFUL COMPLETETION OF THE AUDIT IS VERFIED BY THE PROVIDER IN ONE OF THE FOLLOWING WAYS: 1) BY THE PROVIDER'S RECEIPT OF EITHER THE COMPLETED AUDIT OR THE REPORT OF THE COMPLETED AUDIT; 2) BY THE PROVIDER'S RECEIPT OF E-MAIL OR TELEPHONE VERIFICATION FROM THE AUDITED PARTY; 3) RESPONSE FROM THE AUDITED PARTY OR ANY OTHER METHOD MUTUALLY AGREED UPON BETWEEN THE PROVIDER AND THE DIRECTOR.

For both the moderate and maximum levels of implementation, the ratio of audited multifamily housing units to audited single family housing units shall be no greater than the ratio of total multifamily housing units to total single family housing units in the entire service area.

The housing units audited to meet this requirement shall not include any housing unit that was audited prior to acceptance into this program for the third management period unless the water use of the housing unit is inefficient.

Monitoring and Reporting Requirements: *The Annual Report required by A.R.S. § 45-632 shall include a report on the number of housing units audited, plus a follow-up survey of a statistically significant sample of those audited, as agreed to by the director, to determine if audited customers have implemented any changes in exterior use habits, irrigation system, or landscaping.*

Reason for Modification: Language was added to clarify that only those audits that are verified by the provider as having been successfully completed will count toward the required number of audits. Although this was the Department's policy, it was not clearly stated in the RCM.

RESIDENTIAL EXTERIOR
STANDARD REASONABLE CONSERVATION MEASURE

LANDSCAPE WATERING ADVICE PROGRAM FOR EXISTING AND NEW RESIDENTIAL CUSTOMERS
[No change]

RESIDENTIAL EXTERIOR
STANDARD REASONABLE CONSERVATION MEASURE

ORDINANCE OR CONDITIONS OF NEW SERVICE FOR MODEL HOMES IN NEW RESIDENTIAL DEVELOPMENTS
[No change]

RESIDENTIAL EXTERIOR
STANDARD REASONABLE CONSERVATION MEASURE

PROHIBIT THE CREATION OF NEW COVENANTS, CONDITIONS, AND RESTRICTIONS WHICH REQUIRE THE USE OF WATER-INTENSIVE LANDSCAPING OR WHICH PROHIBIT THE USE OF LOW WATER USE LANDSCAPING IN NEW RESIDENTIAL DEVELOPMENTS
[No change]

RESIDENTIAL EXTERIOR
STANDARD REASONABLE CONSERVATION MEASURE (1 OF 3)

ORDINANCE OR CONDITIONS OF NEW SERVICE LIMITING USE OF TURF AND OTHER WATER-INTENSIVE LANDSCAPING IN NEW MULTIFAMILY DEVELOPMENTS
[No change]

RESIDENTIAL EXTERIOR
STANDARD REASONABLE CONSERVATION MEASURE (2 OF 3)

ORDINANCE OR CONDITIONS OF NEW SERVICE LIMITING THE USE OF TURF AND OTHER WATER-INTENSIVE LANDSCAPING IN COMMON AREAS OF NEW SINGLE FAMILY AND MULTIFAMILY DEVELOPMENTS
[No change]

RESIDENTIAL EXTERIOR
STANDARD REASONABLE CONSERVATION MEASURE (3 OF 3)

REBATE PROGRAM FOR NEW RESIDENTIAL CUSTOMERS
[No change]

”

Appendix 5-D.2

Appendix 5-D.2 of Chapter 5 is modified to read as follows:

"NON-RESIDENTIAL INTERIOR
STANDARD REASONABLE CONSERVATION MEASURE

INTERIOR AUDIT PROGRAM FOR EXISTING FACILITIES
[No change]

NON-RESIDENTIAL INTERIOR
STANDARD REASONABLE CONSERVATION MEASURE

ORDINANCE OR CONDITION OF NEW SERVICE PROHIBITING INSTALLATION OR REPLACEMENT OF PLUMBING FIXTURES IN NON-RESIDENTIAL FACILITIES UNLESS FIXTURES MEET WATER SAVING STANDARDS
[No change]

NON-RESIDENTIAL INTERIOR
STANDARD REASONABLE CONSERVATION MEASURE

DISTRIBUTION OF CONSERVATION INFORMATION TO ALL NEW NON-RESIDENTIAL CUSTOMERS & SUBMITTAL OF WATER USE PLAN BY NEW LARGE FACILITIES

Description: *Provider distributes a conservation packet to all new non-residential customers when an application is submitted for a building permit. The conservation packet includes educational material on the best commercially available technologies, current codes affecting water use at each facility, and a standard form approved by the Department to be filled out by the new customer. This form will function as the water use plan to be submitted by all new non-residential customers who may potentially use 10 acre-feet or more of water annually. Turf-related facilities, large-scale cooling facilities~~, and new large produce processing facilities~~ are excluded from the requirement to submit a water use plan as they are required in the Industrial Conservation Program to submit a water conservation plan. Utilization of the plan helps increase the awareness of best available technologies as they become available within each industry.*

The water use plan shall identify all water uses anticipated by the user and the water conservation measures to be utilized. The water use plan shall include at least the following information (where applicable):

- *Water conservation education/training for employees*
- *Use of alternative water sources (i.e., effluent, remediated groundwater, or other non-groundwater sources)*
- *Operating TDS or conductivity for cooling towers and total cooling capacity*
- *Use of best available technologies in accordance with existing process uses (i.e., recirculating systems for process water, alternative dust control methods, automatic shut-down devices to eliminate continual running of water)*
- *Any plans for the reuse of wastewater or process water at the facility*
- *Type of landscaping and irrigation system*

Implementation: *The provider shall distribute a conservation packet as described above to all new non-residential customers prior to construction when an application is submitted for a building permit (private water companies shall distribute a conservation packet when contacted for new service). As a condition of new service, those non-residential customers who will potentially use 10 acre-feet or more of water annually, excluding turf-related facilities, large-scale cooling facilities, and new large produce processing facilities shall be required to submit a water use plan as outlined in the description above to be reviewed by water provider staff. The Department will supply to the provider the necessary form and guidelines to complete the water use plan at the time the provider enters this program. Where necessary, provider staff shall make recommendations for efficient use of water to the new user.*

Monitoring/Reporting: *The Annual Report required by A.R.S. § 45-632 shall include a copy of the sample conditions of new service agreement used to meet the implementation requirements for this RCM. This shall be submitted one time only (the first year of compliance with the Non-Per Capita Conservation Program) unless there is an amendment to the agreement. The provider shall also include in the annual report the number of conservation packets distributed annually and the number of water use plans received during the reporting year.*

In addition to the annual reporting requirements, the provider shall maintain and submit to the Department upon request the water use plans submitted by non-residential customers.

Reason for Modification: This RCM was modified to eliminate the reference to "new large produce processing facilities." The reference to such facilities was included in this RCM by error.

NON-RESIDENTIAL EXTERIOR
STANDARD REASONABLE CONSERVATION MEASURE

EXTERIOR AUDIT PROGRAM FOR EXISTING NON-RESIDENTIAL CUSTOMERS
[No change]

NON-RESIDENTIAL EXTERIOR
STANDARD REASONABLE CONSERVATION MEASURE

LANDSCAPE ORDINANCE OR CONDITION OF NEW SERVICE FOR NEW FACILITIES
Description: *Provider requires new non-residential customers to limit water-intensive landscaping, install efficient irrigation systems, and limit water features, fountains, waterfalls, ponds, water courses, and other artificial water structures.*
Implementation: *The provider shall adopt and enforce an ordinance or establish conditions of new service requiring new non-residential customers with greater than or equal to 10,000 square feet of landscapable area to comply with the following, as applicable: (1) A new large landscape user that is not a hotel or motel, as defined in section 6-801 of this plan, shall limit water-intensive landscaping to an area not to exceed the area calculated by adding 10,000 square feet plus twenty percent of the facility's landscapable area in excess of 10,000 square feet. Schools, parks, cemeteries, golf courses,* AND *common areas of housing developments, and public recreational facilities~~ with water-intensive landscaping greater than or equal to 10 acres~~ are exempt from this provision~~, as they are regulated under the individual user requirements~~; (2) New hotels and motels shall limit the area of water-intensive landscaping to no more than 20 percent of the landscapable area in excess of 20,000 square feet; (3) Only efficient irrigation systems shall be used; and (4) The use of water features, including fountains, waterfalls, ponds, water courses, and other artificial water structures shall be limited and shall be equipped with water recycling or reuse systems.*
Monitoring/Reporting: *The Annual Report required by A.R.S. § 45-632 shall include a copy of the ordinance or sample conditions of new service agreement used to meet the implementation requirements for this RCM. This shall be submitted one time only (the first year of compliance with the Non-Per Capita Conservation Program) unless there is an amendment to the ordinance or agreement.*

"

Reason for Modification: The requirements in this RCM were intended to apply to large commercial and industrial facilities such as industrial parks, hotels and motels where restrictions on water-intensive landscaping would not prohibit the intended use of the facility. The Department did not intend the RCM to apply to schools, parks, cemeteries, common areas of housing developments and public recreational facilities. The RCM as originally adopted excluded those facilities, but only if they had a water-intensive landscaped area greater than or equal to ten acres. This modification excludes all schools, parks, cemeteries, common areas of housing developments and public recreational facilities regardless of their size, which is what the Department intended when it originally adopted this RCM.

Appendix 5-D.4

Appendix 5-D.4 of Chapter 5 is modified to read as follows:

"SUBSTITUTE REASONABLE CONSERVATION MEASURE LIST

The Substitute RCM List for the Prescott Active Management Area (AMA) is filed in the Department's Prescott AMA office. A copy of the list effective as of the date of this Plan follows in this Appendix. Since the list may be amended in the manner described below, a current list is available upon request from the Prescott AMA office.

PROCEDURE FOR MODIFICATION OF SUBSTITUTE RCM LIST

1. *A municipal provider who seeks to add an RCM to the Substitute RCM List for the Prescott AMA may apply at any time to the director for a modification of the list. The application shall be made on a form prescribed and furnished by the director.*

2. *The director shall review each request for a modification of the Substitute RCM List. The director may request additional information from the applicant and may seek information from other sources as may be necessary to determine whether the list should be modified.*

3. *If the director approves the addition of an RCM to the Substitute RCM List, the director shall place the RCM on a supplemental list that shall be considered an addendum to the Substitute RCM List. The supplemental list shall be available upon request from the Prescott AMA office.*

4. *The director may add an RCM to the Substitute RCM List for the Prescott AMA on the director's own initiative if the director determines that implementation of the RCM, either by itself or in combination with one or more other RCMs on the Substitute RCM List, will result in a water use efficiency for the applicable water use category equivalent to the efficiency that would result from implementation of one or more of the required RCMs for that water use category.*

RCM	***Description***	***Implementation***
	Residential Interior	
Low Flow Plumbing Rebate Program for Existing Residential Customers	*Provider grants a financial rebate to residential homeowners who elect to replace existing high water use toilets, showerheads, and faucets with low-flow devices, consistent with the AWEPA.*	*Negotiated and Approved by the director*
Toilet Leak Detection & Repair Program for Existing Residential Customers	*Provider supplies non-toxic dye tablets and instructions to conduct a toilet leak detection analysis and suggestions for leak repairs.*	*Negotiated and Approved by the director*
~~*Landscape Retrofit Program for Existing Residential Customers*~~	~~*Provider grants financial incentives, including rebates, to existing customers for conversion of existing high water use landscapes to low water use landscapes. Provider supplies examples of landscape plans, plant lists, irrigation methods, and information on soil amendments and preparation.*~~	~~*Negotiated and Approved by the director*~~
	Residential Exterior	
Effluent Reuse - Recycled Wastewater for Existing or New Residential Customers	*Provider develops an effluent reuse system for existing or new housing developments and provides incentives for the reuse of effluent at facilities capable of utilizing the resource.*	*Negotiated and Approved by the director*
Low Water Use Ordinance or Condition of New Service for New Residential Customers	*Provider develops conditions of new service or ordinances that limit turf and other water-intensive landscaping in all new developments consistent with the new single family and multifamily residential exterior water use models in the Third Management Plan for the provider's AMA.*	*Negotiated and Approved by the director*
LANDSCAPE RETROFIT PROGRAM FOR EXISTING RESIDENTIAL CUSTOMERS	PROVIDER GRANTS FINANCIAL INCENTIVES, INCLUDING REBATES, TO EXISTING CUSTOMERS FOR CONVERSION OF EXISTING HIGH WATER USE LANDSCAPES TO LOW WATER USE LANDSCAPES. PROVIDER SUPPLIES EXAMPLES OF LANDSCAPE PLANS, PLANT LISTS, IRRIGATION METHODS, AND INFORMATION ON SOIL AMENDMENTS AND PREPARATION.	NEGOTIATED AND APPROVED BY THE DIRECTOR

RCM	***Description***	***Implementation***
	Non-Residential Interior	
	[No change]	
	Non-Residential Exterior	
	[No change]	
	Education	
	[No change]	
	System-Related Measures	
	[No change]	

”

Reason for Modification: The substitute RCM entitled “Landscape Retrofit Program For Existing Residential Customers” was mistakenly placed in the Residential Interior category of the Substitute Reasonable Conservation Measures list when the Third Management Plan was adopted. This modification removes the substitute RCM from that category and places it in the Residential Exterior category of the Substitute Reasonable Conservation Measures list.

MODIFICATIONS TO CHAPTER 6

INDUSTRIAL CONSERVATION PROGRAM

THIRD MANAGEMENT PLAN

PRESCOTT ACTIVE MANAGEMENT AREA

The following are modifications to Chapter 6, "Industrial Conservation Program," of the management plan for the Prescott Active Management Area for the third management period. References are to Attachment No. 1 to the Final Order of Adoption dated December 13, 1999. Language added to an existing section is shown in upper case letters. Language deleted from an existing section is over stricken. Where no change is made to an existing subsection or paragraph, "No change" is indicated.

Section 6-202

Section 6-202 of the Industrial Conservation Requirements and Monitoring and Reporting Requirements for All Industrial Users in Chapter 6 is modified to read as follows:

"6-202. Conservation Requirements

Beginning on January 1, 2002 or upon commencement of water use, whichever is later, and continuing thereafter until the first compliance date for any substitute conservation requirement in the Fourth Management Plan, an industrial user shall comply with the following requirements:

1. *[No change]*

2. *[No change]*

3. *[No change]*

4. *Use plants listed in Appendix 5F, Low Water Use Plant List or any modifications to the list, for landscaping to the maximum extent feasible, and water with a water efficient irrigation system. An industrial user regulated as a turf-facility under sections 6-301, et seq., or as a new large landscape user under section ~~6-901~~* 6-601*, et seq., is exempt from this requirement.*

5. *Do not serve or use groundwater for the purpose of watering landscaping plants planted on or after January 1, 2002 within any publicly owned right-of-way of a highway, street, road, sidewalk, curb, or shoulder that is used for travel in any ordinary mode, including pedestrian travel, unless the plants are listed in Appendix 5F, Low Water Use Plant List or any modifications to the list. The director may waive this requirement upon request from the industrial user if ~~a waiver is in the public interest~~* THE INDUSTRIAL USER DEMONSTRATES TO THE SATISFACTION OF THE DIRECTOR THAT PLANTS LISTED IN APPENDIX 5F, LOW WATER USE PLANT LIST FOR THE PRESCOTT ACTIVE MANAGEMENT AREA, OR ANY SUBSEQUENT MODIFICATIONS TO THE LIST, CANNOT GROW IN THE PUBLICLY OWNED RIGHT-OF-WAY BECAUSE OF HIGH ELEVATION OR LOW LIGHT CONDITIONS, SUCH AS A FREEWAY UNDERPASS. *This requirement does not apply to any portion of a residential lot that extends into a publicly owned right-of-way.*

6. *Do not serve or use groundwater for the purpose of maintaining water features, including fountains, waterfalls, ponds, water courses, and other artificial water structures, installed after January 1, 2002 within any publicly owned right-of-way of a highway, street, road, sidewalk, curb, or shoulder which is used for*

*travel in any ordinary mode, including pedestrian travel. ~~The director may waive this requirement upon request from the industrial user if a waiver is in the public interest~~. This requirement does not apply to any portion of a residential lot that extends into a publicly owned right-of-way.***"**

Reason for modification –This modification changes the criteria for obtaining a waiver from the landscape requirement for publicly owned rights-of-way. Under the new language a wavier will be granted only upon a demonstration that plants listed on the Low Water Use Plant List will not grow in the right-of-way because of high elevation or low-light conditions. The language allowing an industrial user to obtain a waiver from the provision prohibiting the service of groundwater to new water features in publicly owned rights-of-way if the waiver is in the public interest was deleted because the Department determined that such a waiver would not be appropriate under any circumstances.

Additionally, a citation error was corrected in paragraph 4.

Section 6-601

Section 6-601 of the Industrial Conservation Requirements and Monitoring and Reporting Requirements for New Large Landscape Users in Chapter 6 is modified to read as follows:

"6-601. Definitions

In addition to the definitions set forth in Chapters 1 and 2 of Title 45 of the Arizona Revised Statutes, unless the context otherwise requires, the following words and phrases used in sections ~~6-502 and 6-503~~ 6-602 AND 6-603 *of this chapter shall have the following meanings:*

1. *[No change]*

2. *[No change]*

3. *[No change]*

4. *"New large landscape user" means a non-residential facility that has a water-intensive landscaped area in excess of 10,000 square feet and that has landscaping planted and maintained after January 1, 1990 or bodies of water, other than bodies of water used primarily for swimming purposes, filled and maintained after January 1, 1990, or both.* THE FOLLOWING FACILITIES ARE EXCLUDED FROM THIS DEFINITION*: ~~Turf related facilities as defined in section 6-301 of this chapter are excluded from this definition~~* SCHOOLS, PARKS, CEMETERIES, GOLF COURSES, COMMON AREAS OF HOUSING DEVELOPMENTS AND PUBLIC RECREATIONAL FACILITIES.

Deleted:

5. *[No change]***"**

Reason for modification – When the Third Management Plan was adopted, the Department intended the conservation requirements for new large landscape users to apply only to large commercial and institutional facilities such as industrial parks, hotels and motels, where the restrictions on water-intensive landscaping would not prohibit the intended use of the facility.

The Department did not intend the requirements to apply to schools, parks, cemeteries, golf courses, common areas of housing developments and public recreational facilities. This modification excludes these facilities from the definition of “new large landscape user.”

Additionally, a citation error was corrected in the opening sentence of 6-601.

MODIFICATIONS TO CHAPTER 9,

WATER MANAGEMENT ASSISTANCE PROGRAM

THIRD MANAGEMENT PLAN

PRESCOTT ACTIVE MANAGEMENT AREA

The following are modifications to Chapter 9, "Water Management Assistance Program," of the management plan for the Prescott Active Management Area for the third management period. References are to Attachment No. 1 to the Final Order of Adoption dated December 13, 1999. Language added to an existing section is shown in upper case letters. Language deleted from an existing section is overstricken. When no change is made to an existing subsection or paragraph, "No Change" is indicated. Language included in the new section and appendices is shown in lower case letters.

9.1 INTRODUCTION

[No change]

9.2 STATUTORY PROVISIONS

9.2.1 Program Authorization and Funding

The Groundwater Code (Code) requires that the Third Management Plan include a program for "additional augmentation of the water supply of the active management area, if feasible, including incentives for artificial groundwater recharge" and "a program for conservation assistance to water users within the active management area." A.R.S. § 45-566(A)(6) and (8). Funding for these programs comes primarily from groundwater withdrawal fees levied and collected pursuant to A.R.S. § 45-611(C). Other sources of funding include one-half of the annual surcharge collected by the director from persons holding a permit for interim groundwater use in bodies of water within the AMA and application fees for underground storage facility permits, groundwater savings facilities permits, water storage permits, and recovery well permits. A.R.S. §§ 45-133(E) and 45-871.01(A).

All fees received by the Department for the Water Management Assistance Program must be transmitted to the state treasurer. A.R.S. § 45-615. The state treasurer is required to hold the fees in a separate fund and to maintain within the fund separate accounts for each AMA. A.R.S. § 45-615(1). Monies held in the fund for an AMA may be used only to finance the augmentation and conservation assistance programs that are part of the management plan for the AMA and to fund any projects that are authorized by the director for monitoring and assessing water availability within the AMA. A.R.S. § 45-613(A).

The director is authorized to ~~provide~~ GRANT monies from the ~~fund, through grants rather than through the state's Procurement Code,~~ for augmentation or conservation assistance projects that will benefit the AMA in which the monies were collected. A.R.S. § 45-617. However, the director has no authority to grant monies from the fund for monitoring and assessing water availability. Thus, if the Department elects to contract with an outside party to perform work on a monitoring project, the Department must either comply with the Procurement Code or enter into an intergovernmental agreement (IGA) with another govern-mental entity. A GRANT MUST COMPLY WITH THE GRANT SOLICITATION AND AWARD PROCEDURES SET FORTH IN A.R.S. § 41-2702. THE DEPARTMENT MAY ALSO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT ("IGA") WITH ANOTHER GOVERNMENTAL ENTITY UNDER WHICH THE DEPARTMENT CONTRIBUTES MONIES FROM THE FUND TO HELP FINANCE AN AUGMENTATION OR CONSERVATION ASSISTANCE PROJECT. THE DIRECTOR HAS NO AUTHORITY TO GRANT MONIES FROM THE FUND TO ANOTHER ENTITY FOR MONITORING AND ASSESSING WATER AVAILABILITY. THUS, IF THE DEPARTMENT ELECTS TO CONTRACT WITH AN OUTSIDE PARTY TO PERFORM WORK ON A MONITORING PROJECT, THE DEPARTMENT MUST EITHER COMPLY WITH THE PROCUREMENT CODE OR ENTER INTO AN IGA WITH ANOTHER GOVERNMENTAL ENTITY.

9.2.2 Groundwater Withdrawal Fees

[No change]

9.3 DEPARTMENT'S ROLE IN THE WATER MANAGEMENT ASSISTANCE PROGRAM

The Department's role in the Water Management Assistance Program is to:

- review and provide input on project proposals
- develop project proposals
- implement Department projects
- prioritize projects that best meet the AMA management objectives
- provide technical and field assistance
- provide information and educational services
- promote the exchange of information among entities implementing the projects
- administer IGAs, contracts, and grants as described in this chapter

A complete description of how projects are prioritized and selected and how funds are allocated is found in section 9.6.

9.3.1 Fund Management and Administration

Fund management and administration of grants, IGAS and contracts are coordinated between the Department's Administrative Services Division and the AMA. The centralized functions include management of the separate funds for each AMA and contract administration. The AMA staff initiate and support the grant ~~application and review~~ SOLICITATION process and serve as the technical administrators for most grants and contracts.

9.3.2 Contract Development, Monitoring, and Support

Each ~~applicant proposal accepted for funding~~ PERSON RECEIVING MONIES FOR WATER MANAGEMENT ASSISTANCE PROGRAM PURPOSES THROUGH A GRANT, IGA OR CONTRACT must enter into a contractual agreement with the Department. Contracts are prepared by Department staff~~, consistent with the applicant's proposal and scope development~~. The contract describes what tasks are to be accomplished and sets deadlines for task completion and fund disbursements. Department staff track progress and review deliverables for compliance with contract requirements. The Department authorizes and issues payments, modifies contracts as needed, and provides other legal and administrative support.

9.3.3 Information and Education Service

The Department's Web site (www.adwr.state.az.us) serves as an information clearinghouse and the primary public venue for dissemination of current information on the Water Management Assistance Program. Information gained through Department sponsored programs, which are deemed to be regionally, statewide, and/or nationally transferable, will be placed on the Department's Web site and updated regularly. An additional focus will be linking the Department's Web site to other pertinent Web sites. This will assist users in finding water conservation, water supply, and augmentation information from other sources. In addition to a computer-based information clearinghouse, a centralized clearinghouse could include a library of conservation and augmentation literature as well as detailed information on grants and contracts funded and could provide centralized water conservation outreach activities.

The AMA office is responsible for developing water conservation information materials, educational curricula and displays, and programs specific to water users within the AMA. These materials may be developed independently, with conservation assistance funding (e.g., grants, IGAS or contractual agreements with consultants), in cooperation with other AMAs, or through partnerships with other government agencies, community groups, or utilities.

The AMA office is also responsible for maintaining inventories of information and educational materials for distribution to water users within the AMA. Conservation-related presentations to schools, civic and other groups, and participation at local events are generally the responsibility of the AMA staff.

9.3.4 Assistance Activities

[No change]

9.4 SECOND MANAGEMENT PLAN PROGRAM SUMMARY AND ASSESSMENT

9.4.1 Second Management Plan Conservation Assistance Program

[No change]

9.4.2 Second Management Plan Augmentation Assistance Program

[No change]

9.4.3 Second Management Plan Program for Monitoring and Assessment

[No change]

9.4.4 Second Management Plan Program Assessment

[No change]

9.4.4.1 Goal/Objectives Attainment

[No change]

9.4.4.1.1 Priority Projects

DURING THE SECOND MANAGEMENT PERIOD, the AMA ~~currently establishes~~ ESTABLISHED annual funding priorities, based on consultation with the GUAC and other members of the water using community. Applications for funding under these priority categories ~~receive~~ RECEIVED stronger consideration in the review and selection process. During the first four years of this program, funding priorities were not set. Any application that met the Second Management Plan review criteria had an equal opportunity for funding. Beginning with the 1995 grant cycle, the Department began considering priorities.

9.4.4.1.2. Providing Funds

[No change]

9.5 THIRD MANAGEMENT PLAN PROGRAM GOALS AND OBJECTIVES

[No change]

9.6 DEPARTMENT ROLE IN WATER MANAGEMENT ASSISTANCE PROGRAM

The Department's role in the Water Management Assistance Program is to direct the program by identifying areas in need of technical or financial assistance, establishing assistance priorities, soliciting and reviewing projects for funding, developing contractual arrangements, providing administrative and logistical support, reviewing deliverables, monitoring progress, and providing access to results.

9.6.1 Annual Assistance Priorities

In an effort to apply available funding and technical assistance to the most important projects, the AMA identifies annual program priorities. With assistance from members of the water using community and the GUAC, high priority categories are identified. Any projects identified for funding in these categories receive preference during the ~~application review and~~ PROJECT selection process.

9.6.2 ~~Application and Review Process~~ PROJECT SELECTION

~~An extensive mailing list is used for notification that the annual grant application process has begun. The notice identifies funding categories, priorities, application review criteria, application submittal and review schedules, and funding levels. Once applications are received, AMA staff conduct their review. AMA staff also provide logistical and technical support to the GUAC during their concurrent review. Generally, an initial screening of applications is conducted by the GUAC. Applications most consistent with the established funding priorities are retained for further consideration. Those applicants are then invited to make a presentation to the GUAC. Subsequent to the presentations and application reviews, the GUAC selects which applicants should receive funding and forwards their recommendations to the Department director. The director then makes the final determination as to which applicants will be offered a contract.~~

DURING THE THIRD MANAGEMENT PERIOD, THE DEPARTMENT, WITH INPUT FROM THE GUAC, WILL SELECT PROJECTS FOR FUNDING. THE GUAC AND DEPARTMENT STAFF WILL ANALYZE POTENTIAL PROJECTS FOR CONSISTENCY WITH THE AMA'S CONSERVATION, AUGMENTATION AND MONITORING OBJECTIVES AND THE EVALUATION CRITERIA SET FORTH BELOW, AS APPLICABLE, AND MAKE A RECOMMENDATION TO THE DIRECTOR. THE DIRECTOR WILL DECIDE WHETHER THE PROJECT WILL BE FUNDED, AND, IF SO, HOW IT WILL BE FUNDED. IF THE PROJECT IS TO BE IMPLEMENTED BY AN ENTITY OTHER THAN THE DEPARTMENT, THE DEPARTMENT WILL FUND THE PROJECT IN ONE OF THE FOLLOWING THREE WAYS: 1) THROUGH AN IGA WITH ANOTHER GOVERNMENTAL ENTITY; 2) THROUGH A CONTRACT PURSUANT TO THE STATE PROCUREMENT CODE; OR 3) THROUGH A GRANT PURSUANT TO THE GRANT, UNLESS THE PROJECT IS FOR MONITORING AND ASSESSING WATER AVAILABILITY. IF THE PROJECT IS TO BE IMPLEMENTED BY THE DEPARTMENT, THE DEPARTMENT WILL USE MONIES DIRECTLY FROM THE WATER MANAGEMENT ASSISTANCE PROGRAM FUND.

IF THE DEPARTMENT DECIDES TO FUND A PROJECT THROUGH A GRANT, IT WILL FOLLOW THE GRANT SOLICITATION AND AWARD PROCEDURES SET FORTH IN A.R.S. § 41-2702. THE DEPARTMENT WILL PREPARE AND ISSUE A REQUEST FOR GRANT APPLICATIONS THAT CONTAINS A DESCRIPTION OF THE GRANT PROJECT, INCLUDING THE SCOPE OF WORK TO BE PERFORMED BY AN AWARDEE, THE CRITERIA UNDER WHICH APPLICATIONS WILL BE EVALUATED FOR AWARD AND THE RELATIVE

IMPORTANCE OF EACH CRITERIA, THE DUE DATE FOR SUBMITTAL OF APPLICATIONS AND OTHER INFORMATION REQUIRED BY A.R.S. § 41-2702(B). GRANT APPLICATIONS WILL BE EVALUATED BY AT LEAST THREE EVALUATORS WHO ARE PEERS OR OTHER QUALIFIED INDIVIDUALS. ALL INFORMATION IN A GRANT APPLICATION, EXCEPT THE NAME OF THE APPLICANT, WILL REMAIN CONFIDENTIAL DURING THE PROCESS OF EVALUATION. AS A RESULT, GRANT APPLICATIONS WILL NO LONGER BE REVIEWED OR DISCUSSED AT GUAC MEETINGS. THE EVALUATORS WILL REVIEW EACH APPLICATION BASED SOLELY ON THE EVALUATION CRITERIA SET FORTH IN THE REQUEST FOR GRANT APPLICATIONS. THE EVALUATORS WILL MAKE AWARD RECOMMENDATIONS TO THE DIRECTOR, WHICH MAY INCLUDE THE ADJUSTMENT OF THE BUDGETS OF THE APPLICANTS INDIVIDUALLY OR COLLECTIVELY. THE DIRECTOR WILL AFFIRM, MODIFY OR REJECT THE EVALUATORS' RECOMMENDATION.

9.6.2.1 Conservation Assistance ~~Proposal~~ PROJECT Selection CRITERIA

The ~~selection~~ criteria to be used in the Prescott AMA by the GUAC and the director to ~~evaluate~~ SELECT conservation assistance ~~proposals~~ PROJECTS FOR FUNDING are listed below. Certain criteria may be given greater weight, and any weighted system will be applied consistently. There are three mandatory ~~evaluation~~ criteria and additional criteria that may be used in project selection.

Mandatory ~~Evaluation~~ Selection Criteria

1. Compliance of the project with applicable laws and administrative regulations. In the case of regulated water users, the extent to which this project helps to reach Third Management Plan conservation requirements.

2. Cost effectiveness of the project. Ability to combine the project with proposed or ongoing projects resulting in cost and human resource savings. ~~Ability of the project proponent to obtain matching funds for the project. Extent to which the applicant is contributing to the cost of the project (e.g., in-kind or cash).~~ Predicted water demand reduction. Extent and duration of reduction relative to project costs.

3. Compatibility of the project with the Department's policies and programs and the management goal of the Prescott AMA.

Additional ~~Evaluation~~ Selection Criteria

4. Extent to which the type of project is applicable to other users, other sectors, and other AMAs.

5. Likelihood of community support for the project. Demonstrated sector commitment to participate in the project.

6. Significance of the project's potential economic, environmental, and social impacts.

7. Extent to which the type of project has previously been proven feasible and effective, or extent to which implementation of the project will provide information on feasibility and effectiveness if not previously proven.

8. Demonstrated need. Is it likely the project would not be implemented without conservation assistance funding?

9. Ability to monitor demand reductions during and after implementation of the project. Ability to produce documented comparisons of pre- and post-project water savings, scientific data collection and reporting methods, or pre- and post-program surveys to verify project results.

~~10. Past performance of project proponent with regard to implementing conservation projects. Whether the applicant has experience and past success with similar projects.~~

~~11.~~ 10. Effectiveness of ~~proposal~~ PROJECT. This includes factors such as a clear statement of purpose, goals, methodology, and list of deliverables (data collection, interim and final reports, etc.). Contains background on current and historic water use if applicable. Whether the ~~proposal~~ PROJECT is innovative and includes sufficiently researched budget information to determine if the requested funding amount is warranted (e.g., salary costs and benefits, retrofit device costs, equipment purchases, and supplies).

Special Preference Points

The GUAC may choose to give special preference points to certain priority projects or may declare a "must fund" project which would receive first consideration for funding. These priorities may change from year to year.

9.6.2.2 Augmentation Assistance ~~Proposal~~ Project Selection CRITERIA

~~Each~~ Augmentation assistance ~~project grant proposal~~ PROJECTS will be ~~evaluated according to~~ SELECTED USING the criteria established by the director in consultation with the GUAC. Evaluation criteria include, but are not limited to:

- Compatibility with current Department programs and policies, and consistency with the management goal
- Significance of the project's potential economic, environmental, and social impacts
- Compliance with applicable federal, state, and local regulations
- Technical feasibility and timely realization of alternative renewable water supplies
- Promotion of efficient use of the alternative water supplies
- Likelihood of developing transferable information
- ~~Capabilities of project proponents to successfully implement the project~~

The Department may coordinate with other agencies and organizations involved in water quality regulation and issues, in addition to the Arizona Department of Environmental Quality, through a review and comment process or other means, to ensure that these agencies and organizations are aware of the proposed project and are allowed time to assess any impact the proposed project may have.

9.6.2.3 Monitoring and Assessment Project Selection

[No change]

9.6.3 <u>Contract Development</u>

Each ~~applicant~~ PERSON receiving ~~a favorable determination from the director~~ MONIES FROM THE WATER MANAGEMENT ASSISTANCE PROGRAM FUND THROUGH AN IGA, GRANT OR CONTRACT is required to enter into a contractual agreement with the Department. The contract is prepared by Department staff~~, consistent with the applicant's proposal,~~ and describes what is to be accomplished by the applicant for which reimbursement will occur.

9.6.4 Contract Monitoring and Support

[No change]

9.6.5 Clearinghouse

[No change]

9.7 FUTURE PROGRAM DIRECTION

The future of the Water Management Assistance Program will be influenced and shaped by many considerations. The next ten years will be pivotal years in the Department's effort to achieve the management plan goal of safe-yield. Key considerations in the structure of the Third Management Plan program will be:

- Limited program funding
- Program goals and objectives
- Program priorities
- Program process

9.7.1 Limited Program Funding

[No change]

9.7.2 Third Management Plan Goals and Objectives

The Water Management Assistance Program goals are described in sections 9.3 and 9.5. These goals are legislatively derived and clearly articulate what this program is expected to achieve, which is assisting water users in achieving their management plan conservation requirements and in developing augmentation and recharge projects. The Water Management Assistance Program goals are consistent with, and should contribute to, the AMA goal of achieving safe-yield by increasing water use efficiency and increasing the availability of renewable water supplies. Program objectives for the Third Management Plan are also described in sections 9.3 and 9.5. In the Third Management Plan, greater emphasis will be put on focusing on conservation assistance, augmentation, and monitoring programs to assist in meeting the unique water management problems of the Prescott AMA. The Third Management Plan objectives are as follows:

- The Department, in consultation with the GUAC, will identify conservation assistance, augmentation, and monitoring projects of the highest priority order. These projects~~, through applications or Department initiative,~~ will receive first funding status.

- The Department, in consultation with the GUAC, will list other priority projects and categories for technical or funding assistance. ~~Applications~~ PROJECTS in this priority category will compete with all other ~~applications~~; however, preference ~~points~~ will be given to the priority ~~applications~~ PROJECTS.

- Provide increased levels of consideration between AMAs regarding AMA funding priorities, multi-AMA projects, information dissemination, etc.

- Increase public awareness of the importance of water conservation and renewable resource development.

9.7.3 **Program Priorities**

[No change]

Reason for Modification: These modifications conform Chapter 9 to legislation enacted in 1999 (A.R.S. §§ 41-2701 through 41-2706) requiring state agencies to follow specific procedures in soliciting and awarding grants. Those procedures include: 1) publishing notice of a request for grant applications which includes a description of the nature of the grant project, the scope of work to be performed by an awardee, and the criteria under which applications will be evaluated; 2) appointing at least three peers or other qualified individuals to evaluate the applications; and 3) keeping all information in the applications confidential until the grants are awarded. The grant process described in the chapter as originally adopted did not conform with these procedures because it allowed the Department to notify potential applicants of the general categories for which grants will be considered, rather than specific grant projects for which grants will be awarded, and it required the grant evaluators to consult with the Groundwater User's Advisory Council when evaluating applications.