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April 6, 2015

VIA E-MAIL AND U.S. Postal Service

Sharon Scantlebury
Docket Supervisor
Arizona Department of Water Resources
3550 North Central Avenue
Phoenix Arizona 85012

Re: 2015 CAGR D Plan of Operation

Dear Ms. Scantlebury:

On behalf of Douglas Ranch El Dorado, LLC, DMB Associates, Inc., Sunbelt Holdings and Robson Communities, Fennemore Craig submits this letter commenting on the 2015 Plan of Operation for the Central Arizona Groundwater Replenishment District, submitted to the Director of the Arizona Department of Water Resources (“Director”) on December 29, 2014 (the “Plan”).

Consistency with Management Goals

Under A.R.S. § 45-576.03(M), the Director is to review the Plan and determine whether or not it is “consistent with achieving the management goal” of an active management area (“AMA”) where a member land or member service area is or may be located. The AMAs that contain or may contain member lands or member service areas are the Phoenix, Pinal and Tucson AMAs. The applicable statute requires the Director to determine that the Plan is consistent with achieving the management goal of a particular AMA if the Plan demonstrates those elements described in A.R.S. § 45-576.03(N)(1) – (4) for that AMA.

In our view, the Plan clearly and concisely demonstrates all of the elements described in A.R.S. § 45-576.03(N) (1) – (4) for each of the Phoenix, Pinal and Tucson AMAs, and therefore we urge the Director to determine that the Plan is consistent with achieving the management goals of each of the Phoenix, Pinal and Tucson AMAs.

In that regard, the Plan, for each of Phoenix, Pinal and Tucson AMAs:

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- Identifies sufficient water supplies to meet current members' replenishment obligations for the next 20 years (§ 45-576.03(N)(1)). The Plan details the water portfolio acquired by CAGR D for replenishment purposes and identifies additional water supplies that far exceed CAGR D's replenishment obligations for the next 20 years. The statute does not require that CAGR D must have already acquired all water supplies needed for the next 20 years of replenishment.
- Identifies additional water supplies potentially available to meet current and potential members' replenishment obligation for the next 100 years (§ 45-576.03(N)(1)). Again, the only requirement is identifying potentially available supplies. Acquisition of such identified additional water supplies needed for the next 100 years is not required at this time.
- Uses reasonable projections of property and service areas that could qualify for membership over the next ten years (§ 45-576.03(N)(1)). The extensive and detailed modelling structure developed by CAGR D and described in the Plan, along with other materials submitted by CAGR D to the Department, demonstrate that CAGR D's membership projections are reasonable.
- Calculates a reserve target for each AMA, as prescribed by statute (§ 45-576.03(N)(2)). The Plan contains the reserve target for each of the three AMAs.
- Demonstrates that CAGR D is developing a replenishment reserve for each AMA pursuant to statute (§ 45-576.03(N)(2)). The large number of storage credits already amassed by CAGR D for the replenishment reserve satisfies this requirement. The statute does not require CAGR D to have completed the development of the replenishment reserve at this time.
- Identifies sufficient storage capacity for use for replenishment purposes during the next 20 year (§ 45-576.03(N)(3)). The underground storage capacity described in the Plan far exceeds the projected replenishment obligations in the three AMAs.
- Contains a reasonable estimate of the CAGR D's projected replenishment obligations for the next 100 years (§ 45-576.03(N)(4)). The extensive and detailed modelling structure developed by CAGR D and described in the Plan, along with other materials submitted by CAGR D to the Department, demonstrate that CAGR D's projections of replenishment obligations are reasonable.

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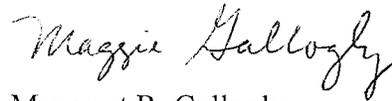
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Plan Information

Under A.R.S. § 45-576.02(C)(2), the Plan must contain certain information for each of the AMAs where a member land or member service is or may be located. Again, the only applicable AMAs are the Phoenix, Pinal and Tucson AMAs. In our view, the Plan contains all of the information required in A.R.S. § 45-576.03(N) (1) – (4) for each of the Phoenix, Pinal and Tucson AMAs and complies with the statutory requirements.

We very much appreciate the opportunity to comment on the Plan.

Sincerely,



Margaret R. Gallogly

cc: Thomas Buschatzke, Director, ADWR
Dennis Rule, Manager, CAGR
Jim Kenny
Linda Cheney
Jill Kusy Hegardt
David Nilsen
Sean Walters
Heidi Kimball
Peter Gerstman
Rob Anderson
(All via e-mail)